[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland	Fmk7.00	Lebanon	£1,400.00	Spain	Pta145
France	FFr7.00	Lux	LFr55	Sweden	Skr10
Germany	DM2.20	Malaysia	Rm4.25	Switz	SFr2.40
Greece	Dr150	Morocco	Dh4.00	Thailand	[illegible]
Hong Kong	HK$12	Neth	Fl3.00	Tunisia	Din0.800
Iceland	Ikr125	Nigeria	Naira10	Turkey	L1200
India	Rup15	Norway	Nkr10.00	UAE	Dh7.00

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No.31,001 — Friday November 17 1989 — D 8523A

SOVIET UNION
Estée Lauder scents success in Moscow
Page 8

World News

UN includes Khmer Rouge in Cambodia proposals

The UN General Assembly voted overwhelmingly for a resolution calling for an interim administration in Cambodia which includes the Khmer Rouge to replace the current Vietnam-installed government.

Many delegates said they rejected any bid by the Khmer Rouge to regain power in Cambodia in a political settlement following Vietnamese troop withdrawals, underlining the contradictions which have plagued debate about Cambodia's future.

Brazil counts votes

The battle for the opportunity to compete in the decisive second round of Brazil's presidential election on December 17 was still undecided as an incomplete count showed two left-wingers running neck and neck. Page 26

SA to open beaches

South African President F W de Klerk, announced plans to *end segregation of recreational* facilities, with all beaches to be desegregated immediately. Page 5

Bridge to reopen

The San Francisco Oakland Bay Bridge is to reopen tomorrow a month after its upper span was snapped by the earthquake that hit the San Francisco Bay Area. Page 6

JVP 'defeated'

Sri Lanka claimed that arrests and killings of rebel leaders had broken the back of the leftwing Sinhalese People's Liberation Front (JVP) guerrilla movement trying to topple the government. Page 4

Priest killed

The director of the Central American University in El Salvador, Father Ignacio Ellacuria, was killed, along with five other Jesuit priests, by a military death squad. Page 6

EC energy deal

France and W Germany reached outline agreement on energy policies, overcoming key differences blocking EC attempts to create a common energy market. Page 2

Chinese output blow

China's industrial output plunged in October for what is possibly the first fall in 10 years and Western analysts say the government is risking further unrest with its economic austerity programme.

Gandhi faces defeat

An opinion poll predicted defeat for Prime Minister Rajiv Gandhi's Congress Party as politicians entered the last days of campaigning for next week's Indian elections. Analysis and story, Page 4

Philippine bombings

Moslem rebels seized a southern Philippine town and exploded bombs in another, heightening tension ahead of a referendum on autonomy.

Hardliners sacked

Bulgaria's new party leader, Petar Mladenov, sacked four hardline Politburo members. Page 2

Delors woos Tories

European Commission president Jacques Delors sought to ease concern that debate about future economic and monetary union could swerve the EC from its goal of creating a barrier-free market after 1992. Page 2; EMS, Page 26

Business Summary

US deficit narrows to lowest figure in five years

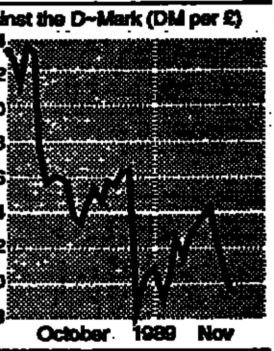
THE US trade deficit narrowed sharply in September to $7.9bn, the lowest figure for five years, while the August deficit, originally reported as $10.8bn, was revised down to $10.1 bn.

Commerce Secretary Robert Mosbacher described the fall as "moderate" and "about in line with our forecasts of a $110bn-$115bn deficit for this year." Page 26

D-MARK: Sterling fell below DM2.90 on the foreign exchanges as major currencies continued to lose ground to a strong D-Mark. Currencies, Page 48

Sterling

against the D-Mark (DM per £)



INTERNATIONAL Business Machines said it had sold used computer equipment as new, and had miscertified some foreign products as American-made, in filling some US government contracts in recent years. Page 26

AUSTRALIAN Mutual Provident took a commanding position in the takeover battle with Pearl Group following the announcement of a sharply increased offer for the UK life assurance company. Page 27

NAVISTAR International, leading North American medium and heavy truck maker formerly International Harvester, is seeking to re-enter the W. European market, a decade after it was forced to withdraw in disarray with its North American operations close to collapse. Page 27

EUROBONDS: The fixed-price re-offered method of syndicating new Eurobond issues faces its fiercest test this morning when Merrill Lynch plans to price and launch a $500m five-year deal for General Motors Acceptance Corp. Page 31

BECHTEL: A group lead by the US engineering concern, was understood last night to have been chosen to build and operate British Coal's first commercial power station at a cost of up £150m ($237m).

WELLCOME, maker of Retrovir, only medicine licensed to combat Aids, announced a 26 per cent rise in pre-tax profits to £221.2m $349m for the year to August 26. Page 27

HILL SAMUEL Investment Management, part of the the UK's TSB group, is forming a joint venture with Dai-Ichi Kangyo Bank, Japan's largest, to provide global investment services. Page 27

DRAMs: Sun Microsystems and Unisys said they would not invest in a joint venture aimed at forming a major new US manufacturer of dynamic random access memory (Dram) chips. Page 28

GLAXO, Britain's biggest pharmaceutical company, is to spend £70m ($111m) expanding its production complex in Singapore to make the site the main factory for basic chemicals needed for a series of new drugs. Page 8

TEXAS Air said it had placed firm orders for 20 Airbus Industrie A330 and A340 long-range aircraft and had options for 20 more for its Continental Airlines subsidiary, in a deal worth $4.5bn. Page 8.

France to propose development bank for E Europe

By **George Graham** in Paris

PRESIDENT François Mitterrand is expected to propose the creation of a joint development bank to help Eastern Europe at the meeting of European Community heads of government in Paris tomorrow evening.

French officials said last night that a proposal to set up a development bank to finance investments in countries such as Poland, Hungary and East Germany was likely to be one of the main items on the agenda.

President Mitterrand raised the idea of a European development bank, modelled partly on the European Investment Bank (EIB) which finances development projects within the Community, in a speech to the European Parliament in Strasbourg last month.

The idea was backed by Mr Pierre Bérégovoy, the French Finance Minister, yesterday.

Mr Mitterrand, anticipating criticism over the technical difficulty of the idea, said there was no reason why the Community should not do the same in the realm of finance as it had in the technological and audiovisual fields with the Eureka project.

"It is an eminently political decision, to create a European bank," he said. But some officials in the French Government appeared yesterday to be unconvinced that the project was sufficiently advanced for EC leaders to take even a general decision on the principle.

They warned that nothing resembling a concrete proposition was ready to put to heads of government.

Other officials, however, indicated that although the details would have to be agreed by finance ministers later, the idea could receive broad approval as a means of enhancing aid promised by EC members to Eastern Europe.

EC finance ministers agreed on Monday in Brussels to co-operate on their aid efforts for Eastern Europe. They asked the EC monetary committee of senior finance ministry officials to evaluate the economic needs of Hungary, Poland and East Germany, and draw up a list of bilateral aid already granted. Lucy Kellaway in Brussels writes: The European Investment Bank said yesterday that it was probable that EIB lending to other Eastern European countries would be discussed at the Paris meeting.

Outsider at the dinner party, Page 25

East German Communists concede posts in the Cabinet

By **Leslie Colitt** in Berlin and **David Marsh** in Bonn

EAST GERMANY's ruling Communists yesterday made their biggest concession yet to political pluralism by conceding 11 out of 27 cabinet posts to four small allied parties in a new government coalition. The coalition will commit itself to sweeping economic and political reforms.

A two-day meeting of the Volkskammer (parliament) starting today is expected to approve the power-sharing arrangement under the new reform-minded Prime Minister, Mr Hans Modrow.

The coalition with the four "block parties" marks the first significant move towards allowing diversity of opinion in the 40-year history of the Communist Party (SED).

The smaller parties were previously dominated by the SED but have shown growing independence in recent weeks.

Mr Hans-Dietrich Genscher, the West German Foreign Minister, yesterday spoke of the new possibilities for co-operation between the two Germany's on arms control.

He told East German television that the two states could strengthen co-operation, in particular "for initiatives which would bring forward the disarmament process in Europe."

Chancellor Helmut Kohl, in a stormy debate in the Bonn Bundestag (parliament), hinted that East Germany might eventually join the European Community.

He said that the bloc should be open for "all democratic states in Europe."

But Mr Kohl said it would be a "fateful error" to slow down EC integration because of events in Eastern Europe.

He reaffirmed the need to examine in detail the East Germany government's reform plans and its timetable for free elections.

It was understood in Berlin that the reforms, which will soon be announced, will include:

- a loosening of central planning, widening of the private sector
- more autonomy for directors of state companies
- a review of the vast subsidies to maintain low prices.

East German companies are also to be allowed to cooperate more closely with Western companies and to enter into joint ventures.

Political reforms are to include:

- limiting the power of the Ministry of State Security
- new laws on freedom of association, assembly and the media
- a constitutional court and greater independence of courts
- a division between executive, legislative and judicial branches.

Changes are also to be introduced in the educational system which has already dropped pre-military training for many pupils and revised ideological instruction.

Women are to be given a greater role in all fields and a quota system for women is to be introduced for parliament and the cabinet.

Local authorities are also to be given greater powers.

Sharp cuts are to take place in the state and economic apparatus, with members sent into factories to make up for the exodus of citizens to the West.

A civilian alternative to military service is to be created and relations with West Germany are to be greatly improved. Close links have already being forged between East and West German television which are staging discussions by politicians and economists from both German states.

The new pluralistic cabinet and the reforms were conceded by the Party after weeks of protest demonstrations in East German cities.

Free elections have also been pledged by Communist officials and could be held next autumn.

Members of the opposition said the small parties were still largely under the thumb of the SED and that time would tell whether the reforms were genuine.

A poll taken by the SED last Friday was said by East European diplomats to have revealed that no more than one out of 10 citizens would vote for the Party if elections were held now.

No opposition groups are represented in the new government, but they have been promised a role after new elections.

- Reuter adds from East Berlin: Mr Erich Honecker, the former East German leader, his wife, and the ex-head of the secret police, have been told by Mr Egon Krenz, the new Communist Party chief, to give up their seats in parliament.

The Brandenburg Gate looks over the Wall where UK Foreign Secretary Hurd (with glasses) met East and West Germans.

The US is seeking greater allied co-operation through closer links with the European Community. Officials believe that this is desirable because changes in Eastern Europe can create instability not only in the East but also in the West. Page 26

Shipowners in Europe and Japan bid to boost freight rates

By **Kevin Brown**, Transport Correspondent, in London

LEADING shipowners from Europe and Japan are to meet in Tokyo on Monday to discuss a deal to reduce overcapacity and raise freight rates between Europe and the Far East.

The companies had hoped to keep the meeting secret because discussions between competing shipowners could fall foul of European Community shipping law.

"We are going to have to move very carefully if we are to avoid upsetting the [European] Commission. This meeting will probably just lay out the ground rules," an executive of one of the companies said yesterday.

The meeting will be attended by chairmen or chief executives of most of the big container ship operators between Europe and the Far East.

Among those believed to be planning to attend are Mr Tim Harris, a main board director of Peninsular and Oriental Steam Navigation; Mr Hans-Jakob Kruse, chairman of Hapag-Lloyd, the largest West German shipping company; Mr Henk Rootliep, chairman of Nedlloyd, the big Dutch shipping group; and Mr Hiroshi Takahashi, managing director of NYK Line, one of the biggest Japanese container ship operators.

Other Japanese lines will be represented, along with Evergreen of Taiwan, the world's biggest container ship operator, and other Asian shipowners.

The meeting will discuss the feasibility of copying a deal reached earlier this year between Far Eastern and US companies to reduce overcapacity between the Far East and North America.

Continued on Page 26

Zetterburg: top Volvo post

Volvo chief picks banker as his heir

By **Robert Taylor** in Stockholm

MR Pehr Gyllenhammar announced yesterday that he would step down as chief executive of Volvo, the Swedish automotive and aerospace group, and named Mr Christer Zetterburg, head of Sweden's state-owned PK Banken, as his heir-apparent.

Mr Gyllenhammar, the 54-year-old chairman and chief executive, said in a surprise announcement that Mr Zetterburg, 48, would become president of Volvo next spring, taking over the job from Mr Gunnar Johansson who is leaving the company. Mr Zetterburg will then have a learning period alongside the chief executive. But it remained unclear when Mr Gyllenhammar intended to step down from the post he has held since May 1971.

During his 18 years at the head of Volvo Mr Gyllenhammar has become one of the most powerful business leaders in Scandinavia. Yesterday he gave no indication of what his future intentions are but it is most unlikely that he will simply disappear from the corporate scene.

Continued on Page 26

Silicon Valley in uproar over White House plan to cut funds

By **Lionel Barber** in Washington and **Louise Kehoe** in San Francisco

THE BUSH Administration is proposing to eliminate all funding next year for US advanced television projects and to scale back sharply federal support for Sematech, the semiconductor industry consortium.

These and other joint venture high-technology projects were designed to meet the challenge of Japanese advanced electronics.

If the Administration pushes ahead with the proposed cuts it is likely to face severe opposition from Congress. This was signalled yesterday when the House of Representatives passed an appropriations bill including $20m in additional funding for the Defence Department's Advanced Research Projects Agency (Darpa) – the Pentagon agency which helps fund Sematech and other advanced high technology projects.

The proposed Pentagon budget reductions, although still at a preliminary stage, have caused an uproar in Silicon Valley which has launched a campaign with congressional supporters to block the proposals.

The three projects most vunerable to the proposed funding cuts are:

- Sematech, which is the focus of industry efforts to regain leadership in semiconductor chip manufacturing technology.
- The High Definition Television (HDTV) research projects aimed at rekindling the almost defunct US consumer electronics industry.
- Research into X-ray lithography which addresses a technology that many experts believe will be essential in semiconductor manufacturing in the next decade.

Sematech received $100m – half its total budget – in federal support this year. The proposed cutbacks would be part of President George Bush's budget for fiscal 1991 which he will present to Congress early next year.

Planning for fiscal 1991, which begins in October next year, is already underway – even though the Administration and Congress have still to agree finally on the fiscal 1990 budget.

The Pentagon, faced with the need to scale back planned spending after the Reagan build-up and a general perception that the $300bn military budget is too high given the improving international climate, is looking closely at the role of Darpa.

Administration officials – notably Mr Donald Atwood, Deputy Secretary of Defence and former General Motors executive, and Mr Richard Darman, Mr Bush's budget director, have expressed reservations about using federal government funds to promote "industrial policy."

Some reports have suggested that all funding for Sematech could be cut next year. Sematech issued a statement describing the reports as rumours at this stage.

IBM sold used equipment as new, Page 26

MARKETS

STERLING
New York lunchtime:
$1.578
London:
$1.578 (1.582)
DM2.895 (2.9075)
FFr9.8575 (9.8825)
SFr2.57 (2.5875)
Y226.75 (227.25)
£ index 88.6 (88.7)

GOLD
New York: Comex Dec
$392.7 (392.8)
London:
$393.25 (391.25)

N SEA OIL (Argus)
Brent 15-day Jan
$18.475 (18.4)

Chief price changes yesterday: Page 27

DOLLAR
New York lunchtime:
DM1.839
FFr6.258
SFr1.631
Y144.05
London:
DM1.835 (1.8385)
FFr6.2475 (same)
SFr1.628 (1.623)
Y143.75 (143.7)
$ index 69.6 (69.7)
Tokyo close: Y143.85

US LUNCHTIME RATES
Fed Funds $8\frac{7}{16}$%
3-mo Treasury Bills:
yield: 7.91%
Long Bond:
$102\frac{11}{16}$
yield: 7.88%

STOCK INDICES
FT-SE 100:
2,209.8 (+6.4)
FT Ordinary:
1,759.2 (−0.2)
FT-A All-Share:
1,110 (+0.3%)
New York lunchtime:
DJ Ind. Av.
2,623.57 (−9.01)
S&P Comp
339.09 (−1.45)
Tokyo: Nikkei
35,875.34 (+24.11)

LONDON MONEY
3-month Interbank:
closing $15\frac{1}{32}$% (same)
Liffe long gilt future:
Dec $91\frac{1}{2}$ ($91\frac{7}{8}$)

MARKET REPORTS: CURRENCIES, Page 48; BONDS, Page 31; COMMODITIES, Page 40; EQUITIES, Pages 45 (London); 49 (World)

CONTENTS

Iran's harder tasks of building the peace

The honeymoon was brief. Three months after his election, President Rafsanjani (left) finds himself in charge of a discontented people, an economy in urgent need of investment, and divided leadership Page 24

Paris and Bonn do deal on energy policies

By David Goodhart in Bonn

FRANCE AND West Germany have reached outline agreement on energy policies, overcoming key differences towards the European Community's attempts to create a common energy market.

The West German Economics Ministry has confirmed that at a meeting earlier this month in Bonn between its minister, Mr Helmut Haussmann, and Mr Roger Fauroux, the French Industry Minister, it was agreed that France would soften its opposition to West German coal subsidies in return for agreement that more of France's cheap, mainly nuclear-generated, electricity would be sold in West Germany.

It was partly as a result of pressure from France that the EC decided in March to begin an investigation into West German coal subsidies to see if they were compatible with competition rules. Mr Antonio Cardoso e Cunha, the Energy Commissioner, is now pressing Bonn to phase out coal subsidies by 1993, or at least reduce them substantially.

The details of the new agreement remain hazy: no figures have been discussed of either the acceptable level of coal subsidies or on how much electricity West Germany would accept. But Mr Fauroux has agreed to show "understanding" towards coal subsidies and the two ministers agreed to produce a joint report within six months on increased exports from Electricité de France (EdF).

At a recent seminar organised by the West German utility RWE, Mr Klaus Beckmann, an Economics Ministry state secretary, said that companies themselves should be able to decide from whom they buy electricity after 1992. At the same seminar Mr Lothar Späth, Premier of Baden-Württemberg, said he would welcome EdF taking a stake in his own state's energy utility and even raised the possibility of a full privatisation of the utility.

West German utilities, such as RWE, remain opposed to any policy which allows their large customers to buy bulk power from the French. However, they privately admit that it will be difficult to stop such moves.

Good chance seen for E German economic reform

By Leslie Colitt in Berlin and David Goodhart in Bonn

EAST GERMANY stands a good chance of successfully reforming its economy with Western know-how, a leading West German expert on production technology says. Professor Günter Spur is head of the Centre for Production Technology in West Berlin and a member of the East German Academy of Sciences.

He told a group a businessmen and journalists that despite inadequate technology, East German industry had one of the main ingredients for a successful reform: trained, disciplined and ambitious workers. Motivation was the problem.

East German industry was capable of turning out high-quality products but innovation lagged because output was mainly geared to the Soviet market; factories urgently needed investments in up-to-date machinery and control technology.

The country had to rapidly modernise its antiquated car plants where makes such as Audi, BMW, Wanderer and Horch were produced before the War and two-stroke Wartburgs and Trabants now come off the line.

Prof Spur said joint ventures between East German and Western companies were the key to modernising industry. Volkswagen was prepared to build a car factory in East Germany, he noted. Its Polo model was about to be phased out and could be produced in East Germany and sold cheaply and successfully in the West. But the East Germans were inexperienced in selling to the world market, so Western partners would have to help them with marketing.

"We could use the GDR economy to our advantage by producing more cheaply there," he said. A "transfer" of human resources was needed – West German experts working in the GDR and East Germans in the West to gain experience. The final result could be an East Germany which would be a strong competitor of the West.

A prominent East German economist, Prof Helmut Richter, yesterday presented a four-point plan to reform industrial production. Factory directors should determine the volume and type of production on their own, he said in the East Berlin Communist party newspaper Berliner Zeitung.

The barometer of success or failure should be "products sold profitably" and not merely manufactured. Wages should conform with performance. Foremen had to be better rewarded than ordinary workers, and directors should be rewarded, too.

Mr Alfred Herrhausen, chief executive of Deutsche Bank, said that given a proper chance the East German economy could reach Western living standards within five or ten years.

Meanwhile more West German companies have indicated their interest in doing business in East Germany. The Hamburg-based drink and tobacco group, Reemstma, has announced that it is having meetings in Dresden and East Berlin next week to discuss investment possibilities. Also, Siemens has expressed a strong interest in helping to modernise the East German telephone network.

In the short-term East Germany's economic difficulties remain acute and church leaders have been warning of an economic collapse. Doctors from West Berlin have now begun working in East German hospitals because of the large number of East German doctors who have fled West. Polish workers have also been flooding across the border to offer themselves for work in East Germany which could help plug manpower shortages in some sectors.

Lithuania party defiant after crisis politburo meeting

REBEL Lithuanian Communist Party leaders ended crisis talks with the Soviet politburo yesterday, apparently still set to defy the Kremlin with plans to set up an independent local Party, Reuter reports.

"The politburo sitting is over and the Lithuanian leadership sticks to its previous position," Mr Yuras Pozhela, a member of the once-independent republic's ruling party bureau told Lithuanian Radio. Mr Pozhela spoke after an unprecedented session of the Soviet Union's ruling politburo, under President Mikhail Gorbachev, to which all members of the republic's local leadership were invited.

The Kremlin has condemned moves to break the monolithic unity of the Communist Party, seriously weakening Moscow's control over the autonomy campaign in Lithuania.

However, leaders of the local party, under growing public pressure, say they see no other way to bolster their prestige and to beat local movements and parties likely to contest parliamentary elections in the Baltic republic next spring. The mass movement Sajudis, which took a majority of the republic's seats in elections to the Moscow parliament in March, is likely to be the main contender.

No other details were immediately available of the ruling politburo's day-long session, a regular weekly meeting, apparently largely devoted to Lithuania.

Mr Pozhela's remarks were reported to Reuters by a journalist at Lithuanian radio.

A special Lithuanian Communist Party congress is due to decide finally on the issue on December 19, but local journalists in the republic say there is little doubt that a majority will vote in favour of a split with Moscow.

If the Lithuanian party successfully breaks with Moscow, it could provoke similar moves by the reform-minded leadership of neighbouring Estonia and Latvia, which – like Lithuania – were incorporated into the Soviet Union in 1940.

The Communist Party daily Pravda last week ruled out any moves to separate the party, saying it would "bring irreparable damage to the ideological and organisational unity of the Communist Party and weaken the foundations of the Soviet Union."

The Communist Party chief in Soviet Moldavia, Mr Stefan Grossu, was sacked yesterday after clashes at the weekend between police and nationalist demonstrators in which 200 people were injured.

Tass news agency said that he was replaced as first secretary by Pyotr Luchinsky, a Soviet Central Committee member who had been number two in the Communist Party of Tajikistan in Soviet Central Asia since 1986.

Pasionaria buried with passion

By Tom Burns in Madrid

A CHAPTER in Spain's history closed yesterday as Dolores Ibarruri, "La Pasionaria", was buried in an emotion-charged funeral in Madrid which strangely echoed that of General Franco 15 years ago.

The legendary revolutionary leader of the Spanish Civil War, who died on Sunday aged 93, had lain in state for the past three days at the Communist party's headquarters. More than 50,000 people, in a queue that stretched at times for a quarter of a mile, filed past the coffin to pay their respects.

Some 400 buses and 24 special trains brought tens of thousands more into Madrid yesterday from all over Spain to attend the funeral cortege. For the greater part of the evening whole areas of the city were at a standstill as the coffin, shoulder-carried part of the way, wound its way to the cemetery.

Old and young, the admirers who approached the coffin for a final look wept and gave their heroine the clenched fist salute. It was reminiscent of the lying in state of Gen Franco, in November 1975 – except that then, the mourners saluted fascist-style with the outstretched arm.

La Pasionaria symbolised the left-wing Spanish Republic just as the personality cult surrounding Gen Franco identified him with victors of the Civil War.

Her legacy, like Gen Franco's, is anything but obvious. The National movement that Gen Franco created dissolved itself almost as soon as he died and the reformist minded politicians who had served him adapted quickly enough to democracy.

Similarly, many of the young Communists who were in the forefront of the clandestine opposition to the dictatorship are now to be found in the ranks of the governing Socialist party or have left politics altogether.

Although some 80 international delegations attended the funeral, the only celebrities present were Nicaragua's Interior Minister, Tomas Borge, and the French Comunist leader, Georges Marchais. The Soviet Union, where La Pasionaria lived during the Franco period, send middle-ranking representatives.

EC action on pollution promised

By Tim Dickson in Brussels

BRUSSELS IS drawing up a new programme of "economic and fiscal" measures to combat pollution, Mr Carlo Ripa di Meana, the Environment Commissioner, said yesterday.

He declined to be specific but made clear that he favoured a controversial energy tax to fund environmental objectives, and new "market based" incentives to encourage more effective use of resources.

He was presenting the conclusions of an independent report on the environmental impact of the EC's internal market programme. It illustrates the adverse environmental impact of the additional economic growth expected to follow completion of the 1992 programme, not least the 8-9 per cent rise in sulpher dioxide emissions and the 12-14 per cent increase in nitrogen oxide emissions by 2010 if present policies remain unchanged.

The study has created a stir in Brussels and many in the Commission have been anxious to distance themselves from some of its starker conclusions. Mr Ripa di Meana said yesterday that he did not agree with "100 per cent" of the report but suggested that it should form the basis for much of the EC's future action.

He said that "too often the internal market programme is related to economic benefits" and sounded a strong warning about transport development and the consequences of an increase of 70m in the number of vehicles on European roads by the end of the century.

Delors suggests meetings styled on UK cabinet

By Tim Dickson in Brussels

MR JACQUES DELORS, the European Commission President, yesterday offered some new thoughts on how the political institutions in a more integrated European Community may develop.

In a speech on Economic and Monetary Union (EMU) to an audience of largely British Conservative Euro and Westminster MPs, Mr Delors suggested that one option would be for member states to appoint a deputy Prime Minister with responsibility for European Affairs who would come to Brussels each week under the auspices of the Council of Ministers.

"There could be one Council of Ministers meeting which would be rather like a Cabinet meeting in the UK", he suggested, adding quickly that the powers of the European Parliament should be strengthened and its relationship with national parliaments considered afresh.

Mr Delors' remarks were less remarkable yesterday for the new ideas they contained than for the reaction they provoked among the cross-section of mainly British Conservatives invited to attend the conference on EMU organised by the European Democratic Group (the European Parliament's political group which following the defection this year of the Spanish Conservatives consists of British Tory MEPs and a small number of Danes).

In comments afterwards, for example, Mr Nicholas Budgen, the Conservative MP at Westminster for Wolverhampton South West, railed against what he called the EC "ratchet". But Mr Peter Price, a Tory Euro MEP identified with the dominant "pro Federalist" camp in the EDG said that it was to Britain's "economic and political advantage" to join with the other member states on EMU at the Strasbourg summit.

Undaunted by the potential hostility of at least part of his audience Mr Delors confirmed his conviction of the need to press ahead with plans for full economic and monetary union.

He rammed home many familiar messages about the need to go beyond straightforwad monetary policy co-ordination in an uncertain and increasingly interdependent world, the dangers to EMU of insufficient economic and social cohesion in the European Community, and the importance of accountability(a subject particularly close to most of his listeners).

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EUROPEAN NEWS

German reunification not on the agenda

John Lloyd reports on popular sentiment on the other side of the Berlin Wall

WE CANNOT know precisely how deep and wide is the desire within the German Democratic Republic for reunification with the German Federal Republic; it is still a forbidden issue in official East German politics. As Mr Egon Krenz, the party leader, told Chancellor Helmut Kohl in their weekend telephone call, the issue is not on the agenda.

Nor is unity on the agenda of the opposition. Both New Forum and the newly-formed Social Democratic party, locating themselves within a German left-wing tradition, are explicitly against encouragement of any such movement – even, it seems sometimes, any such talk.

The intelligentsia on which New Forum and the other opposition streams draw is socialist, and it favours, in the words of writer Christa Wolf, "a really democratic society which also preserves the tradition of democratic socialism."

Ms Barbel Bohley, spokeswoman for New Forum, has called on "the West to cease to talk of reunification as long as the desire for it does not exist in the GDR."

The Lutheran churches, whose once declining congregations are now swollen with audiences who wish to fuse political and spiritual energy, seem to have discovered in East German socialism a finer spirit than is evident in the West.

An East Berlin pastor, Mr Werner Kasche, said recently that "the Communists made a prison of this country; but in that prison flourished wonderful human beings who helped and supported each other."

It may indeed be that the opposition groups do not represent reunification sentiment because there is little to represent.

An open seminar in Leipzig over the weekend, organised under the auspices of the university and the cultural centre, saw thousands pack meetings on democracy and ecology – and a few dozen attend a seminar on the two Germanys.

While some banners in the great Leipzig demonstration last Monday called for "one Germany", several warned against the lure of *Westgeld*, the money to be earned from crossing the border.

"We stay here!"; "We are the people!": "Free elections!" – these are the rallying banners and cries of the streets.

From street conversations, especially with the young, a different story emerges. Among those with no memories of wartime or just-post-war desolation, and thus less pride in, or loyalty to, the system which claims credit for reconstruction, there is now little inhibition about expressing a desire for closer union.

Older people, too, are often bitter about their relative poverty and isolation; impatient for change precisely because they want better times before they die. It is hard to resist the feeling that while the intelligentsia sets the tone of the demonstrations, at least a significant part of the working class is attracted to the West, to a high wage consumer society.

It would indeed be an irony if, just as Lenin predicted, middle-class intellectuals were to carry the socialist *geist* while the working class shrugged it off.

For some years in East Germany there has been a debate over, and resentment expressed about, the very narrow differential between skilled and unskilled workers and lower level managers and foremen. The Communist party, reacting to this movement from below, has encouraged moves to widen pay bands and give higher incentives for responsibility and skill. The assertion of socialist values, then, may be as much to do with a society which had been based on a relatively undifferentiated working class as with ideology; and once these differences are accentuated, new forms of political expression may in freer times emerge to represent their interests.

It is these social shifts which have assisted in the crisis which now grips the Socialist Unity (Communist) party and which gives it the aspect it now has, of a man trying to climb up a down escalator.

It is, of course, running up as hard as it can. Mr Krenz has not just swept away most of his politburo comrades, he has replaced or seen elected a raft of new first secretaries of city and district parties, some of whom, like Mr Roland Claus in Halle and Dr Norbert Kertscher in Karl Marx Stadt, are still in their 30s. Beyond the party – if any area of political and public life can be said to be beyond the party – there have been similar casualties.

It may be that the opposition groups do not represent reunification sentiment because there is little to represent

The new leadership has promised free elections, a rewriting of the penal code, new powers for local authorities and of course a complete renewal of the party itself. It has sought to tie the can of guilt to the tails of departing politburo members Gunter Mittag and Joachim Herrmann, and to a period of "impotence and silence" on the part of the politburo during the accelerating wave of emigration in late summer and autumn.

But it has not been enough. Last Friday, Mr Krenz stood before some 15,000 party members after the conclusion of the central committee meeting and defended its decision to call a party conference in mid-December.

By Monday of this week, the politburo had been forced, by pressure from within the party, to concede a *congress*, which has the power to sack the central committee and thus the politburo and Mr Krenz, too. Can he survive that?

He was always an unlikely reformer. He is given lukewarm receptions even by his own party, and he is now openly mocked on the streets. The Liberal Democrats have picked up another theme of the streets in their proposal to end the party's constitutionally safeguarded "leading role". The best guess now is that the party *will* lose power.

Mr Krenz will, of course, be secure in history as the leader who opened up the Wall – yet in his phone call with Chancellor Kohl he was concerned above all to stress that the decision on free travel was a sovereign one, which in no way brought into play discussion of German unity.

That insistence on sovereignty is wholly comprehensible from the eastern side. The opening of the Wall is not a one-way, East to West affair. This past week, the emotional and political power of West Germany has been palpable in the East as images of Mr Kohl, Mr Walter Momper, the mayor of West Berlin, and Mr Willi Brandt, the former mayor, former Chancellor and progenitor of *Ostpolitik*, were beamed continually in on the western television channels.

On every street corner, it has seemed, a West German TV crew dressed like models with their Mercedes by the kerb, courteously poke microphones into East German faces and invite frank dialogue. I asked one reporter what reaction he found. He said: "I sense they see us as rich and arrogant, but they do not say it."

Arrogance is one thing the West Germans are anxious to avoid, but in avoiding it, they demonstrate the gulf between the two Germanys, and the consciousness of their own power. You can see the gulf in clothes, in cars, even in hairstyle and complexions. If that is evident to a Westerner, how much more deeply must it be felt by an East German?

East German socialism, finally, may thus also contain an element of defensiveness, a shield against the glowing, designer-clad kinfolk, much as British sarcasm was a protection against the glad-handing Americans. They are a different people – or at least a common people with 40 years of different experiences. Will socialism, now that it promises to be democratic, be enough to keep them apart?

Rush of events in Berlin causes deep disquiet among Israelis

By Hugh Carnegy in Jerusalem

NEWS FROM beyond the Middle East seldom makes much of an impression in Israel, so preoccupied is the country with its own affairs. One issue, however, intrudes like few others – the German question.

The rush of events in East Germany, culminating in the opening of the Berlin Wall and the sight of Germans emotionally reunited, has inevitably evoked a profound spasm of disquiet among Israelis, for whom the Nazi slaughter of 6m Jews during the Second World War is both an ever-present memory and the ultimate touchstone of national unity.

Public reactions – especially to suggestions of a re-unified Germany – have almost all reflected a sustained and deep-seated distrust of the Germans. Mr Yitzhak Shamir, the Polish-born Prime Minister, all of whose family died in the war, said the question of the future of Germany was "a most grave problem". One newspaper said talk of reunification "aroused horror".

Jerusalem's Mayor Teddy Kollek struck a different note in welcoming the breach of the Berlin Wall, but mostly the response has been less accommodating.

One man well placed to comment is Josef Burg, president of the Mizrahi religious Zionist movement, a minister under every Israeli Prime Minister and very much an Israeli elder statesman. He was born in Dresden in 1909, studied at the universities of Leipzig and Berlin and came to Palestine in 1939. He was in Berlin on Kristallnacht in November 1938. His mother died in Theresienstadt concentration camp. He is now the figurehead chairman of Yad Vashem, the Holocaust museum in Jerusalem.

He confesses a reticence to speak too freely about his feelings about Germany, to which he has returned on several visits. "There is a part of my heart which is closed," he says. He also does not want to be seen to speak for others. "You are here in a country where there are tens of thousands of people who still have their serial numbers from concentration camps tatooed on their forearms."

But asked about the prospect of a resurgent German nationalism, he replies: "It is not a re-awakening because it was never sleeping. From the point of view of the Jewish generation of the Holocaust this is a problem which casts a very dark shadow." After a pause, he adds: "But the decisions about future developments are in the hands of the big powers."

He is certainly not dogmatic about the future. "I voted for the establishment of (Israel's) diplomatic relations with Adenauer because, in my eyes, without Germany there is no Europe. We cannot forget the past, but we are obliged to build the future."

He is in favour of diplomatic relations with East Germany, but only if it first renounces its support for the Palestine Liberation Organisation and then reverses its refusal to accept responsibility for Nazi actions and pay reparations, as West Germany did.

"I understand their joy," he says of the television scenes from Berlin. "They are inebriated by events. But the problems still exist. The joy of the moment does not overcome the problems of duration. In between today and (the possibility of reunification) there will be years when we will see what the attitude and behaviour of the Germans will be and how much they have learnt the lessons of history."

Brussels acts on aid to Enimont

By Lucy Kellaway in Brussels

BRUSSELS HAS decided to reopen proceedings against the Italian Government over possible illegal tax breaks granted to Enimont, the chemicals company.

The initial problem arose during the summer, when the Government issued a decree that would have halved the capital gains tax bill to be paid by the company, which was formed when Montedison and the chemicals interests of Eni merged last year.

The Commission had complained that although the decree did not mention Enimont by name, it was unduly specific and amounted to state aid which gave the company an unfair competitive advantage.

A modified decree acceptable to the Commission was this summer voted down by the Italian Parliament. A new decree has now been proposed which the Commission does not regard as much better than the original one.

The Commission's decision to act follows a similar decision taken over illegal state aid paid by the French Government to Renault, the state-owned car producer.

Enimont's capital gains, which arose on a revaluation of assets at the time of the merger, could result in a bill of about L825bn (£383m). Rome is now required to come up with an alternative plan, or face the possibility that Brussels could force Enimont to pay its bill in full.

Commission warning to banks

By Lucy Kellaway

THE European Commission yesterday sought to increase its influence over the banking sector of the European Community by announcing that it would not tolerate interest-rate fixing arrangements between banks.

Over the past year the Commission has intervened several times over the agreement between financial institutions on commission levels, but has so far not intervened in the setting of interest rates.

Sir Leon Brittan, the Commissioner responsible for competition, has written to the European Banking Federation calling for an end to any interbank agreements on interest rates, on the grounds that they are anti-competitive and hamper the creation of a single market.

Officials yesterday were reluctant to cite any examples of such pricing arrangements between banks, but said that they existed in some member states.

Since the last Commission survey was conducted seven years ago, arrangements in many countries have become more open, in line with a general increase in competition in financial markets.

The warning would not cover the setting of base rates by governments, nor the operation of monetary policy, so long as this did not encourage the establishment of cartels, the Commission said.

French consumer prices edge up in October

By George Graham in Paris

FRENCH CONSUMER prices rose by 0.4 per cent last month, taking the annual inflation rate to between 3.5 and 3.6 per cent.

Mr Pierre Bérégovoy, the Finance Minister, said that October's inflation figures had been affected by the rise in rents, included in the index once every quarter, and by higher prices for food and oil products.

"The result reminds us that we must hold the line, and that is the Government's intention," Mr Bérégovoy said.

He warned that there might be increased inflationary pressure at the beginning of next year, and for that reason the Government was determined not to relax its vigilance.

France's inflation rate now stands 0.3-0.4 percentage points higher than West Germany's, following the downward revision of the West German index. The French rate is 1 percentage point lower than the average of its eight main trading partner.

Reuter adds: France is likely to report a seasonally adjusted trade deficit for August of FFr7.5bn-FFr9bn, a survey of French and international economists shows. The data, scheduled for release early today, have been delayed from the normal September date because of strikes.

Sri Lanka's economy close to collapse

Years of civil war have stifled growth and killed tourism, reports Mervyn de Silva

COLOMBO'S taxi drivers were taking no chances. Anticipating a steep rise in petrol prices, they pleaded their meters were out of action and bargained over the taxi fare.

But Mr D B Wijetunge, who is both Prime Minister and Finance Minister of Sri Lanka, announced no increases in this week's budget. That does not mean the taxi drivers were wrong.

"These things are not done in budget speeches any more," said Mr Bernard Soysa, a former deputy finance minister.

Rumours were rife that the country's foreign reserves had fallen to less than a week's import bill

"The oil corporations will do it quietly and they know by exactly how much since our treasury team returned from Washington," he added cryptically.

The Sri Lankan Petroleum Corporation has good reason to jack up prices. Recently, the opposition howled when it signed a contract for six cargoes of 120,000 tonnes of crude each with the South Korean Daewoo corporation at a cost of more than $100m (£63m). The normal tender procedures had been ignored. The industries minister explained why: the corporation owed its traditional suppliers nearly $78m . Those bills had to be paid. If it defaulted, the word would get out that Sri Lanka was broke.

Rumours were already rife that Sri Lanka's foreign reserves were down to less than a week's import bill. If the oil contract, guaranteed by the central bank, had not been signed, all transport on the island would have ground to a halt.

Sri Lanka, racked by years of ethnic warfare which has killed off tourism and stifled growth, is on the brink of economic collapse and its increasingly hard-pressed citizens are paying an increasingly heavy price. Petrol and kerosene prices will indeed go up, following flour, sugar, rice, milk and electricity.

One by one, subsidies are being removed. Rail and bus fares will rise. The electricity board has threatened to cut off supply to defaulters; debt collectors from the telecommunications department are now visiting the homes of late payers.

The runaway spending of 1988, an election year , and President Ranasinghe Premadasa's $400m poverty alleviation programme, his vote-winning policy, were the last gasp of the good times of spending money which was not being earned. Already the poverty alleviation programme has been scaled down, together with most other welfare policies. Austerity lies ahead.

Wijetunge: announced no rise in petrol prices

Sri Lanka's aid donors have long taken a sympathetic view of the country's plight. But this year's campaign of economic disruption, sabotage and violence by the extreme nationalist Sinhala group, the JVP, compelled the World Bank to postpone the aid group meeting.

The International Monetary Fund had already held back the second instalment of a vital loan.

Nevertheless, considering that Sri Lanka has failed to respect binding commitments to the IMF and the World Bank and promises to donors, the aid group was still being exceptionally tolerant when it finally met this year. It pledged $785m, an increase of $173m over last year.

The IMF eventually released the delayed £87m instalment to demonstrate international confidence at a time when a flight of capital and skilled personnel had demoralised the island's business community.

And even now the IMF conditions for Sri Lanka remain far less harsh than those imposed on many Third World countries.

The crisis is so deep however that collapse may be inevitable, given the continuing terrorist activities of the JVP. Several ministries have been closed, and many government departments and corporations wound up. More than 4,000 marketing department workers lost their jobs last month. That will be the pattern.

On one level the austere budget looks necessary and prudent: consumer subsidies have been slashed, together with the anti-poverty programme; the budget deficit has been reduced from 14 per cent of GDP last year to 10 per cent.

Ailing state enterprises will be sold to foreigners. Privatisation failed when it was restricted to Sri Lankans but last week a state-owned textile mill was sold to a South Korean company for $7m. The devaluation of the rupee will be accelerated.

On top of the civil war, rising inflation and unemployment may turn into an explosive mix

But the great danger of the budget measures is that an already unsettled population will encounter rising inflation and rising unemployment. Such a mixture would be explosive in the present climate.

It used to be the JVP which forced *"hartals" or strikes*. Now the established trades unions are stirring. So far 17 unions have asked for a 40 per cent pay hike. Austerity may be the least of Sri Lanka's problems.

JVP rebels broken says minister

SRI LANKA yesterday claimed that arrests and killings of rebel leaders had broken the back of a leftwing Sinhalese guerrilla movement trying to topple the government, Reuter reports from Colombo.

Mr Rohana Wijeweera, leader of the People's Liberation Front (JVP), and his deputy, Mr Upatissa Gamanyake, were killed in separate incidents on Monday and their bodies cremated in secret by government officials.

"The match is over," Mr Ranjan Wijeratne, foreign minister and deputy defence minister, told a news conference. He said that six of the seven members of the front's politburo had recently been killed or arrested. "When the top is gone, you must expect the rest to fall."

Mr Wijeratne urged guerrillas to give themselves up. "We are making a final appeal to the rank and file to lay down arms and stop further violent activity," he said. "They can lay down their arms at police stations and come forward. They will be looked after."

Mr Wijeratne said rebels should heed an appeal their leader had made to stop violence before he died. State television showed a video recording on Wednesday of the statement Mr Wijeweera made hours before he was killed.

Opposition sees crushing defeat for Indian PM

By David Housego in New Delhi

SENIOR opposition leaders believe Prime Minister Rajiv Gandhi's Congress Party will be routed in next week's general election.

Internal opposition forecasts prepared on the basis of a constituency analysis give the Congress 180 seats of the 527 being contested. These forecasts were prepared a week ago and opposition leaders think that with the tide in the north still running in their favour, the number of seats won by Congress could drop to between 155-175.

The forecasts do not differ greatly from those of the Intelligence Bureau, which is understood to have told Mr Gandhi recently that Congress could count on only 180 seats. In the 1984 election Congress won a landslide victory with 415 seats.

The opposition expects, however, that the National Front – the alliance led by Mr V P Singh which groups the Janata Dal and various regional parties – will have only 196 seats, in the new Assembly on the basis of the forecasts it did a week ago. This would mean it would not have an absolute majority but would be able to form a minority government dependent on support from outside the administration, from the Hindu radical BJP party and the Marxist parties.

The opposition forecasts give the BJP 71 seats in the new Assembly – as against two in the last Parliament – and the two Communist parties a total of 66 seats. These two parties have been involved in a seat-sharing arrangement with the National Front to defeat the Congress.

If the opposition forecasts prove correct, the position of Mr Gandhi as leader of the Congress would inevitably be at risk. The balance of power within the Congress would also change, with the bulk of the new parliamentary membership coming from the south.

The opposition forecasts show Congress retaining only 52 seats in the seven states (including Delhi) of the Hindi-speaking north, traditionally the Congress stronghold, but would remain strong in the prosperous western state of Maharashtra, retaining at least 35 of the 48 seats.

Indian Elections

Of the almost 200 seats that the opposition believes would be won by the National Front, 155 would go to the northern-based Janata Dal led by Mr Singh. As the National Front is not officially recognised as a political party, this could mean Congress would still remain the largest party in the new Assembly but in no position to form a government.

Opposition leaders believe that the Congress party will split in the wake of such a hefty defeat – comparable to that of Mrs Gandhi in 1977 after the Emergency.

Gandhi: even the Intelligence Bureau sees a defeat for Congress

Last Nehru offers his prescription

David Housego watches Gandhi's cousin in the opposition ranks

IF THE Nehru dynasty falls from power in next week's Indian general election – as now seems increasingly probable – there will still be one member of the family left in the upper echelons of government. The likely survivor is Mr Arun Nehru, cousin to Prime Minister Rajiv Gandhi and formerly one his senior ministers but now a leading member of the opposition.

Bumping down a dusty track in his Bilhaur constituency in Uttar Pradesh (UP), Mr Nehru has no doubt that he will win it for the opposition. "There is a tidal wave here," he says, and predicts that he will get 80 per cent of the vote.

In UP itself, the largest state in the union and the one most critical to the outcome of the election, he believes that the opposition will win 75 of the state's 85 seats in the Parliament, against the two it won in 1984.

Before choosing to stand for Bilhaur as the candidate of the Janata Dal, the main opposition group, Mr Nehru had never set foot in the constituency. But as his motor cavalcade weaves through remote villages in this remote corner of the state, crowds flock out to greet him and listen attentively to his wayside speeches.

Mr Nehru, as Congress Party general secretary, managed Mr Gandhi's electoral campaign in 1984. He has equally played a pivotal role in this election – negotiating with Mr V P Singh, also a senior minister under Mr Gandhi and now leader of the opposition, on the distribution of seats among the opposition parties so as to avoid splitting their votes in three-cornered fights with the Congress.

If the National Front does come to power, Mr Nehru believes it must tackle the fundamental defects in government with which people are now disgusted – the tyranny of officialdom, the delays and corruption bred by unnecessary controls and regulations, the abuse of patronage to provide jobs and promotion.

"Its no use just winning an election," he says. "We've got to have a major restructuring."

Mr Nehru says that Mr Gandhi embarked on such a reformist programme in 1985 but was beaten by "the system" and abandoned it. "Once you let slip and go downhill, there is nobody to help you," he says.

As a first step in such a restructuring, Mr Nehru believes there must be a return to cabinet government – "collective functioning" – instead of the personal, autocratic rule of Mr Gandhi's administration. "One of the things that Rajiv went wrong on was that he disbanded a [ministerial] team."

Mr Nehru himself was dismissed from the government in 1986 and expelled from the Congress Party because the prime minister felt his cousin was plotting against him.

Other elements in restructuring would include greater devolution of power to the states, more democratically-run political parties, and a simplified administration with fewer controls and licensing.

Mr Nehru believes Mr Gandhi will lose the election because "people feel Rajiv is incompetent to run India. They think the country is too large for him. He can't handle it."

He adds: "Take the Westland helicopter [which India obtained from Britain under an aid package]. He made a statement in Parliament saying it was junk. Then he told me to tell the British High Commissioner that it was not junk but we could not buy it. Then we bought it."

Though Mr Nehru is a close and influential colleague of Mr V P Singh, he has kept a low profile during the campaign. As Congress Party secretary and minister, he earned a reputation as a power player and operator.

Among the charges levelled against him are that he that he was used by Mrs Gandhi to unseat the government of Dr Farooq Abdullah in Kashmir and that he was responsible for unlocking the doors of the Babri Masjid mosque in Ayodhya to allow Hindus to worship there in 1986.

Mr Nehru believes that once the election is over tension between Hindus and Moslems will ease. But he thinks the next government will have to take a tough line against extremists from both sides.

OVERSEAS NEWS

De Klerk ends apartheid on S African beaches

By Patti Waldmeir in Johannesburg

PRESIDENT F W de Klerk, the South African President, yesterday announced plans to end segregation of recreational facilities, with all beaches to be desegregated immediately.

He told the President's Council, an advisory body sitting in Cape Town, that the time had come to repeal the so-called Separate Amenities Act, which allows local authorities to segregate facilities such as parks, libraries and town halls.

The Act would be repealed "as soon as possible," said Mr de Klerk, adding that beaches would be opened to all races immediately - in time for the summer holiday season which begins in a fortnight.

The decision to abolish apartheid on the beaches will have only a limited impact, as most of the country's beaches had already been desegregated before yesterday's move. However the few which remained - primarily in Cape Town and Durban - have been the scene of demonstrations by anti-apartheid groups in recent weeks.

During one such demonstration in Cape Town in August, police used dogs and whips to disperse protestors.

The decision to repeal the Separate Amenities Act is more significant, as it could spell the end of petty apartheid in a number of areas where segregation of parks, libraries and other recreation facilities is still practiced.

The abolition of the Act will not immediately lead to the removal of segregation at such facilities, as they are covered by local authority ordinances and not by the Act itself. Local regulations must be lifted before facilities can be freed to all races.

Removal of the Act, which provides the legal framework for such regulations, would make it difficult to maintain them on the statute books. The Separate Amenities Act, which has been eroded substantially in recent years, is no longer regarded as one of the chief legislative pillars of apartheid. Residential segregation, and segregation of schools and hospitals, are regarded as more serious issues, and they are not affected by yesterday's decision.

Mr de Klerk did however hold out the prospect of reform in such areas in future, saying he would announce further reforms when he opened a new session of parliament in February. He gave no further details.

Cabbage crisis grows as Peking protest bites

By Peter Ellingsen in Peking

WHILE China's government pushes its latest campaign, a crackdown on "The Six Evil Vices," the people of Peking, where resentment about June's massacre of democracy campaigners still runs high, are presenting their discontent in the safest way possible - by fermenting a cabbage crisis.

In a protest that could only happen in China, residents appear to be thwarting government attempts to move Peking's massive surplus of cabbages by ignoring Monday's order to buy 300 kilos of the leafy greens.

Cabbages, the city's traditional winter staple, are piling up in the streets despite an appeal to the "political conscience" of citizens by Peking's hardline mayor, Chen Xitong.

Mr Chen seems worried that the estimated 100,000 tonnes of unsold cabbages will remain unseen, causing embarrassment for the authorities who heavily subsidise them, and a loss to farmers forced to grow them.

"We cannot turn a blind eye to the possible harm to the vegetable growers," Mr Chen said. But as the mountains of cabbages piling up on street corners testifies, few appear to be listening.

In apparent parody of Mr Chen's appeal, some residents, enjoying the Government's predicament, are calling cabbages, "the patriotic vegetable."

In an attempt to avoid last winter's cabbage shortage Peking's planning office directed farmers to plant 9,780 hectares of cabbages, some 1,865 hectares more than last year to ease the strain on demand.

There has been a bumper harvest, and with generous state subsidies the vegetables have flooded into the capital at less than 1 cent a head. But what was intended to be a goodwill gesture by the Government has backfired.

One city newspaper estimates there was 100,000 tonnes of unsold cabbages about to be brought into the city last week, but as several shopkeepers explained, a combination of ready supply of other vegetables, an abundance of cabbages, and disaffection with authority, [illegible] low demand.

Meanwhile, the latest campaign in Peking's ongoing crackdown, a purge of "the Six Evil Vices," is producing some odd results.

The Government has targeted prostitution, pornography, the selling of women and children, trading or using drugs, gambling and profiting through the use of superstition in its drive to eradicate undesirable trends.

But, because local leaders feel they will be judged by their effectiveness in tackling the vices, some officials have become over-zealous.

In coastal Jiangsi Province, for instance, there have been reports of school-children being asked to come up with examples of risqué books so that officials could supply the desired quota of pornography to authorities.

Returning Egyptians tell of Iraqi 'brutality'

By Tony Walker in Cairo

THERE WERE wild scenes at Cairo airport yesterday as thousands of itinerant Egyptian workers crowded through the rundown terminal building after arriving from Iraq on special flights.

At least 10,000 workers have been sent home in the past few weeks amid allegations of Iraqi maltreatment, including murder, of the estimated 1m Egyptian expatriate workers in Iraq.

President Hosni Mubarak and his Iraqi counterpart, Saddam Hussein, have ordered an inquiry into reports of mistreatment. The affair has cast a shadow over normally close relations between Cairo and Baghdad.

Egypt's official press has reported that about 1,100 Egyptian corpses have been returned home this year, compared with 980 for the whole of 1988. Egyptian workers have also been relating horror stories, widely publicised in the local press, of brutality by Iraqi employers and officials.

An additional 10 flights a day have been commissioned to handle the flood of returning Egyptians. Those returning may number 100,000 by the end of the year.

Egyptian workers have expressed a particular grievance about restrictions on remitting funds home. Some estimates put the total amount owed Egyptians, most of whom are engaged in farming and labouring, at about $300m (£190m). President Hussein admitted in Baghdad this week that there had been problems over transfers of money and pledged to speed such transfers.

Some Egyptian workers who have fled Iraq in the past few weeks are arriving home penniless. Their stories have released strong feelings of resentment in Egypt.

Egypt, burdened by an unmanageable foreign debt of about $50bn, relies heavily on remittances from more than 3m workers abroad. Iraq provides easily the largest pool of employment for them.

Returning workers will add to pressures on employment in Egypt, where it is estimated that the unemployment rate exceeds 20 per cent.

Fragile progress for Arab human rights

A Cairo-based watchdog group has found a few positive signs, reports Tony Walker

WHEN THE Arab Organisation of Human Rights was formed in 1983, delegates were obliged to meet in Cyprus to avoid the censure of hostile Arab regimes. In a region not noted for its respect for human rights there was little enthusiasm for the establishment of a pan-Arab group committed to exposing widespread abuses of personal liberties.

Six years later the picture for the AOHR is slightly more promising, although Arab human rights activists would be the first to admit that any progress regionally towards greater respect for human rights and democratic freedoms is extremely fragile.

The AOHR's recently published annual report on human rights violations throughout the Middle East noted that abuses continued at a high level, and included an all-too-frequent incidence of torture, mass arrests, detention without trial and other flagrant violations.

The Cairo-based group recently launched a campaign for the release of an estimated 20,000 or more prisoners of conscience in Arab countries. The organisation is appealing for international assistance in efforts to free political detainees.

Mr Mohammed Fayek, secretary general, said recently that the AOHR's aim was to "speak out for the thousands who are brutally denied the right to speak for themselves".

Seeking the release of 20,000 prisoners of conscience

The formation of the AOHR, and the location of its headquarters in an Arab capital, coincides with a faint stirring regionally on issues of democracy and freedom of speech, but in general the extent of human rights abuse throughout the Arab world continues to be deplorable.

Mr Fayek told reporters that Egypt itself was subjected to pressures from other Arab states for providing a home for the AOHR. The organisation was, therefore, discouraged from holding its tri-annual meetings in Cairo. Its next general assembly would be held in Tunis next March.

"In 1988, the exercise of human rights in the Arab world continued to follow the pattern set in previous years. On the whole, there was no noteworthy improvement," said the annual report. The report said the most flagrant violations in 1988 included:

- Iraq's resort to summary executions without trial. There were also cases of assassinations and poisonings of opponents of the regime.
- The deplorable abuse of human rights in northern Somalia where death sentences were carried out after "sham trials", and where cases of political assassination, detention without trial and torture were commonplace.
- The torturing to death of a number of detainees in Syrian prisons.
- The re-arrest (after a court had released them) of thousands of detainees, accused by the Egyptian authorities of being engaged in militant Islamic activities.
- Widespread violations of human rights by Israel in the West Bank and Gaza Strip, where detention without trial, house demolitions and deportations were widely practised in an effort to crush the Palestinian uprising.

The AOHR also reported positive developments. These included Tunisia's efforts to strengthen safeguards of individual rights, Libya's release of hundreds of prisoners in March 1988, and Iraq's granting of an amnesty to political prisoners and fugitives. However, the AOHR noted that it was "regrettable that the evident indications of violations of human rights far exceeded the indications of respect for those rights".

'Violations of human rights far exceeded respect for those rights'

Mr Fayek thanked the international press for the recent publicity it had given to the arrest in Egypt of several members of AOHR. He said this had helped to facilitate their release within about two weeks.

The organisation reported that there were marked disparities in the extent to which Arab countries had acceded to international human rights conventions. Whereas Tunisia and Egypt were signatories to 16 and 15 such conventions respectively, Bahrain was not party to any.

In 1988, the AOHR reported, only Egypt and Tunisia had acceded to the Convention against Torture and other forms of Cruel, Inhuman or Degrading Treatment or Punishment.

Only three countries (Iraq, Egypt and South Yemen) had acceded to the International Convention on the Elimination of all forms of Discrimination against Women.

The AOHR was formed by representatives of the Arab Lawyer's Union. It has established branches in a number of Arab countries, including Sudan, Morocco, Lebanon and Algeria, and in Europe. The United Nations helps fund the organisation, which has been publishing an annual report since 1986.

Paris agrees return of Mirage fighters to Libya

By George Graham in Paris

THE French government has authorised the return of three Mirage jet fighter aircraft to Libya, in a move that appears to reflect a slight thaw in diplomatic relations following the agreement in August between Libya and Chad opening the way to a settlement of their boundary dispute.

Foreign ministry officials said yesterday that the move was in full conformity with the EC policy dating from 1986 against the delivery of new military equipment to Libya.

The three planes were in France for repair, and the restitution therefore "does not concern material susceptible to increase the offensive potential of the Libyan armed forces," an official said.

They are, however, understood to have been blocked in France since 1986, when the EC decided to ban arms exports to countries implicated in supporting terrorism.

Libya and Chad reached a framework agreement on their dispute over the Aouzou strip in August this year, but it has proved difficult to put the agreement into effect, and follow-up talks appear to be stalled.

The aircraft include one Mirage F1, a single seater multi-mission combat aircraft, and two Mirage 5s, the cheapest Mach 2 combat aircraft.

Norwegian UN troops in Lebanon come under fire

By Lara Marlowe

RELATIONS between the United Nations interim force in Lebanon (Unifil) and the Israeli-backed South Lebanon Army (SLA) deteriorated further yesterday after masked gunmen fired automatic weapons on two positions manned by the Norwegian UN battalion during the night.

The attacks against the UN posts near the villages of Kawkaba and Blatt were in apparent retaliation for the death a few hours earlier of Mr Elias Jabbour, a 25 year-old Maronite Catholic SLA militiaman.

Mr Jabbour died after he was wounded in a 15 minute gun-battle at a Norwegian check-point near the southern Lebanese village of Ibl el-Saki. Unifil was created to supervise the departure of Israeli troops and Palestinian guerrillas from southern Lebanon in march 1978.

The conflict is understood to have begun when two SLA militiamen refused to be searched as they drove through the Norwegian check-point at Ibl el-Saki. The Norwegian soldiers then fired three warning shots into the air. The SLA men threw a stun grenade at the Norwegians and took cover behind their green BMW car. Mr Jabbour was fatally wounded in the ensuing shoot-out.

Moslem rebels seize town

MOSLEM rebels seized a southern Philippine town yesterday and exploded bombs in another, heightening tension ahead of a referendum on autonomy this weekend, the military said, Reuter reports from Iligan.

"We are sitting on a powder keg," Colonel Wilfredo Villanueva said after hundreds of rebels occupied Buldon in Maguindanao province, 800km south of Manila.

Earlier yesterday one person was killed and 17 seriously wounded when unidentified men hurled a grenade outside a public market in the town of North Cotabato.

Maguindanao is one of 13 provinces that will vote on Sunday on a government offer of partial autonomy to end decades of bloodshed on southern Mindanao island.

AMERICAN NEWS

Soldiers kill six priests

By Tim Coone in San Salvador

THE DIRECTOR of the Central American University in El Salvador, Father Ignacio Ellacuria, was killed early yesterday morning, along with five other Jesuit priests, by a military death squad.

Dragged from their beds in a university dormitory by an estimated 30 soldiers, according to eye-witnesses, they were shot at point-blank range with automatic rifles. A cook and her 15-year-old daughter were also shot in an adjoining room.

The Jesuits' dormitory is located close to a well-guarded military residential neighbourhood on the south side of the capital, San Salvador.

Father Ellacuria was a highly respected intellectual figure in Salvadorian society, having served on a former civilian government junta with former President Napoleon Duarte, and had on several occasions acted as a trusted mediator between President Duarte's government and the left-wing FMLN guerrillas.

The murders add a violent new twist to this week's savage fighting for control of the capital between the guerrilla forces and government troops. Heavy bombardments of guerrilla-controlled suburbs to the north and east of the city continued all through Wednesday night and yesterday morning.

Civilian victims and refugees fleeing from the attacks say the air force is unable to distinguish between guerrilla and civilian targets and hundreds of civilians are being killed or wounded in the army's counter-attacks.

Despite an escalation of the fighting during the past 24 hours, especially aerial bombardment, the guerrillas have not been dislodged from the positions they took in the capital last Saturday night, when the FMLN's nationwide offensive began.

Paramedical workers accuse the army of refusing them entry into the guerrilla-controlled neighbourhoods to evacuate the wounded. A dusk-to-dawn curfew is being strictly imposed by the army, but officially Red Cross and other rescue vehicles are supposed to be allowed freedom of movement. On Wednesday, El Salvador's Vice President, Mr Francisco Merino, rejected urgent appeals by the International Red Cross and Catholic Church for both sides to call a temporary truce.

US reassesses ties with Europe

By Peter Riddell, US Editor, in Washington

THE possibility of closer and more formal political links between the US and Europe, as suggested by a senior State Department official, represents a significant step forward in the reassessment of transatlantic relations by the Bush administration.

At its heart is US support for European integration- not only for the 1992 process (though with caveats about protectionism), but also for political unity. This is summed up in President Bush's often-repeated phrase about "a Europe whole and free."

At the beginning of the year US officials were sceptical, even hostile, about integration, with talk of Fortress Europe and somewhat exaggerated fears of what 1992 would mean.

That attitude changed following the easing of differences over banking reciprocity, and because the administration judged that it would be more effective to endorse integration and then debate the details from the inside rather than the outside.

As the pace of change in Eastern Europe increased during the summer, President Bush backed integration on the political grounds that a more unified community would be a force for stability throughout Europe.

But the US role would be different from the late 1940s. There would be no Marshall Plan of massive US aid, not only because of domestic budgetary contraints but also because of the strength of western Europe.

Hence the emphasis has been on partnership between the US and western Europe, both in deciding policy and providing resources.

That fits in with Mr Bush's preference for close consultation with allied leaders. This approach was signalled at the mid-July seven nation economic summit when the US fully supported the West German suggestion that the European Commission should coordinate international help for Poland and Hungary.

Even before the latest events in East Germany, Mr James Baker, the US Secretary of State, was arguing a month ago that what he called normalisation or reunification "must occur on the basis of western values with the end result being a people integrated into the community of democratic European nations."

Later, one of his close advisers argued, that as EC integration develops, West Germany should have "a strong western anchor in both democratic policy and economic policy. It's one of the reasons why the US is firmly committed to that integration process."

The US is concerned to avoid a divergence of view from western Europe. Consequently, President Bush stressed that his meeting in two weeks' time off Malta with President Mikhail Gorbachev will not be "to negotiate the future of Europe."

Instead, Mr Bush is emphasising allied cooperation, both before and after the Malta meeting. For instance, he has involved the leaders of West Germany, Britain and France in preparing the US response to a message he received last week from Mr Gorbachev about Eastern Europe. And President Bush will visit Brussels to consult the allies after Malta.

The US view is that the future of Germany and of Europe will have to decided primarily by Germans and Europeans.

However, US interests are involved, so the State Department is considering ideas for strengthening and solidifying EC/US links. This is not to create a 13th seat at the EC table, but rather to ensure that European discussions have an Atlantic dimension in a more formal way than at present.

Despite the prospect of large US troop cuts in Europe within the next few years, the Bush administration wants to remain part of the debate of the future of Europe.

US sees Polish food aid need as short-term

By Nancy Dunne in Washington

THE US has sent to Poland its first $125m in food aid shipments and has begun to procure the 10,000 tonnes of promised pork. Tens of thousands of tonnes of additional grain and butter are on the way to help cushion the shift to a freer economy.

However, a US food aid team sent to Poland last month returned with optimistic reports suggesting that the need for food aid is likely to be a short-term one.

It concluded: "Poles are not starving." Total caloric intake, nearly 3,300 calories a day, is close to that of western Europe. The country is close to food self-sufficiency, and more food is becoming available through private channels.

The US has learned through long, bitter experience in its foreign aid programme, that too much aid can displace local supplies and put local farmers out of business. It is looking instead to long-term structural solutions for Poland, where it is acknowledged that "drastic improvements" are needed in farm efficiency.

In a recent report, the US Agriculture Department said that annual per capita Polish meat consumption, at 63 kg in 1988, is about the same as that of the UK, although shortages may have brought consumption down to 60kg.

A USDA official said facilities for storing and distributing aid are likely to be stretched beyond capacity, and a new distribution system, involving private organisations called "citizens' committees", is slowly developing. Aid from around the world is being loosely co-ordinated through Brussels, so that the Polish ports are not overwhelmed.

The department report said that the food situation is "improving and could stabilise soon."

The USDA also noted signs of increased marketing activity outside the official channels and increased competition among state purchases, who are now allowed to move outside their home territories to compete with state organisations in other regions.

A change in view via either wing

Ivo Dawnay assesses prospects for Brazil after its first-round poll

IN a country where a tiny elite models its style on the Dallas television soap opera from the US, and the vast majority survives on the equivalent of less than $100 a month, it was inevitable that Brazil's first presidential election under universal suffrage in 29 years would be about change.

As expected, Mr Fernando Collor de Mello, scion of the old north-eastern oligarchy but committed to liberal reform, is through to the decisive second round of the election on December 17.

His most likely challenger, though, now seems to be Mr Luís Inácio Lula da Silva, a former trade union leader whose socialist Workers' Party (PT) has advanced greatly in the last 12 months to control the municipal administrations of many of Brazil's main cities.

However, with 30 per cent of the votes counted yesterday from the poll on Wednesday, commentators were still not ruling out the possibility that the veteran populist Mr Leonel Brizola could still take second place and so be the left-wing challenger to Mr Collor in the two-man run-off.

Either way, the electors appear to have polarised Brazil on an orthodox left-right axis that ultra-conservatives – not least a large portion of the military – most fear.

It was just this elite group, alleged to be backed by President José Sarney, which lay behind the last-minute attempt to run as a candidate the television personality Mr Silvio Santos, in what was widely condemned as a cynical manoeuvre to confine the voters' second-round choice to two right-wingers.

The subsequent declaration, before the poll, of Mr Santos's ineligibility by the Supreme Electoral Court has helped to offer the country two starkly different options. The first-round outcome also shows a remarkable maturity on the part of a largely illiterate population, despite 21 years of political atrophy under military dictatorship from 1964 to 1985.

Lula (left) and Collor: Political polarisation by the ballots

The Collor campaign will now try to characterise Lula – as he is universally known – as chief advocate of an outdated collectivism demonstrably rendered redundant in the ruins of the Berlin Wall.

On the other hand, if Mr Brizola proves to have come second, the attack will be more personal, aimed at the former Rio de Janeiro state governor's notoriously authoritarian style of leadership and his ill-defined economic strategy.

Either left-winger will counter saying his rival is merely the old establishment in new clothes – the hollow product of sophisticated marketing.

Both claims, while a crude echo of the truth, disguise a considerably more complex choice now facing the electors. Also, the ground is shifting as the two front-runners must sprint towards the centre, where the social democratic Senator Mario Covas, almost certainly in fourth place on Wednesday, picked up many more votes than had been expected.

So far, Mr Collor's pronouncement on the economy bear few glad tidings for those comfortable with the status quo. He has argued for privatisation, the axeing of subsidies and tax incentives, and a greater role for foreign companies and imports in order to foster competition among Brazil's notoriously cosy cartels.

That is hardly a no-change platform. Indeed, some say that both Lula and Mr Brizola are much more in tune with the old regime when it comes to the role of the state. "Lula's command economy prescriptions and fierce opposition to privatisation arguably make him the most conservative candidate of all," Mr George Brown, former US political attaché and long an observer of Brazilian politics, claimed yesterday.

With inflation now expected to set a record of 40 per cent this month, the candidates will no longer be able to dodge detailed questions on these crucial issues. No one believes the final outcome will depend on economic programmes alone. With 65m of the 82m voters quasi-literate, complex discussion of the relative merits of Keynes and Friedman are not on the cards.

But the voters are not so unsophisticated as to ignore the relative credibility of each candidate's prescriptions for the crisis in the forthcoming television debate. Just as carefully perused, however, will be their prospective ministerial teams and the painstaking building of cross-party coalitions.

All the odds suggest that Mr Collor – whoever his opponent – will be the winner on December 17. His youth and good looks are a refreshing change from both Mr Sarney and the grizzled ranks of generals who have dominated the past three decades.

His liberal programme – what is known of it – appears sufficiently new to represent change but cautious enough not to upset the powerful business community.

Elite sophisticated Brazilians tend towards conservatism. They are likely to prefer a president speaking with the familiar accents of the patriarchal class – a quality Mr Collor and the land-owning left winger Mr Brizola share.

At the same time, a fall yesterday in the financial markets here indicated that attention must also be given to the electorate's famous volatility and rising popular disgust with the ruling class.

Whatever the outcome, the very fact that Lula, a bearded proletarian who failed to pass first grade at school, has already come so close is evidence enough that Brazil's feudal era is at an end.

Mexico aims for growth rate of 3.5 per cent

By Richard Johns in Mexico City

MEXICO is aiming for a growth rate of 3.5 per cent in 1990 under the macroeconomic projections accompanying the budget outlined to the Chamber of Deputies on Wednesday.

The target is a higher than the one anticipated for next year in the 1989-94 National Development Plan, published last May, and which forecast Gross Domestic Product not to rise to this rate until 1991.

The more optimistic forecast reflects the higher than anticipated growth this year which is now expected to be about 3 per cent in real terms.

Total net expenditure was put by Mr Ernesto Zedillo, the Minister of Planning, at pesos 194,000bn ($75bn) but does not include one major item, debt amortisation, as well as several other smaller ones, which will bring the total to about pesos 300,000bn.

For 1989 the appropiation for debt amortisation was pesos 91,102bn. In the Chamber of Deputies there was some dismay and not a little anger amongst members of all parties over the confusing presentation by Mr Zedillo, who gave no figure for gross spending.

A current account deficit of $4.29 bn is forecast for 1990 compared with one of $5.58bn now estimated for 1989.

More Chicago traders charged in fraud probe

By Deborah Hargreaves in Chicago

TWO MORE Chicago futures traders were indicted for alleged trading abuse yesterday as part of the US government's continuing investigation into futures fraud.

The latest indictments involve traders in the Chicago Mercantile Exchange's Swiss Franc futures pit and follow indictments of 46 traders in the city's two exchanges in August.

The Federal Bureau of Investigation has conducted a two-year undercover inquiry into trading fraud in Chicago's futures markets and is poised for further indictments which could hit traders in Swiss Franc futures and Treasury bond futures at the Chicago Board of Trade.

The latest indictments allege the two traders absorbed losses for other brokers who rewarded them with profitable pre-arranged trades, at the expense of customers.

The FBI sting inquiry is the largest investigation ever into commodities fraud in the US and the agency has reiterated its commitment to cleaning up the futures industry, in spite of the resignation of Mr Anton Valukas, the US attorney for northern Illinois, who has been at the centre of the probe.

Mr Valukas, whose resignation was expected, is returning to private practice at the beginning of December, when the trials for the futures fraud inquiry are due to begin.

Most of the indictments so far allege a range of petty crime and cheating by Chicago traders at the expense of their customers.

The inquiry has spurred Congress to tighten up measures for oversight, in the futures market, and the House and Senate go to conference on a wide-ranging and complex market reform bill next week.

Oakland Bridge to reopen

By Louise Kehoe in San Francisco

THE SAN Francisco Oakland Bay Bridge is scheduled to reopen tomorrow, one month after its upper span was snapped by the deadly earthquake that jolted the San Francisco Bay Area on October 17th.

For residents of the quake stricken cities joined by the Bridge, its reopening represents a symbol of recovery from the physical and emotional toll of last month's disaster.

Some 40,000 people, led by California Governor George Deukmejian, are expected to crowd onto the bridge for opening festivities. Each visitor will be asked to buy a $5 ticket, with the proceeds to be donated to earthquake relief funds.

Entertainer Tony Bennet will be there to sing "I left my heart in San Francisco" and Carol Channing will sing "San Francisco," the song made famous by Jeannette MacDonald in the 1936 movie about the 1906 earthquake that destroyed much of San Francisco.

By celebrating the opening of the bridge, city and state leaders hope also to repair San Francisco's damaged reputation as a favourite tourist destination. Since the earthquake the city's shopmakers, hoteliers and restaurant owners have suffered a major slump in business and an estimated 2,000 workers have been laid off.

For the 250 thousand commuters who before the quake regularly crossed the bridge each day to reach their jobs in San Francisco, the reopening of the span is not likely to bring immediate relief from the traffic congestion that has snarled the city's streets for the past month.

Several approach roads to the Bridge on both sides of the Bay, including the collapsed Nimitz freeway in Oakland, remain closed by quake damage and are unlikely to be reopened for several months.

In other parts of the San Francisco Bay Area, the extent of earthquake damage is only now becoming clear. Throughout the region, freeway overpasses and viaducts are being shored up. According to some estimates the costs of repairing and strengthening these structures alone could top $6bn.

The yellow plastic tape used by police to cordon off badly damaged buildings has become a seemingly permanent feature in city streets throughout the region.

In Santa Cruz, which felt the brunt of the quake's force in its central shopping district, merchants have erected a "tent city" in car parks, hoping to attract Christmas shoppers. The tents stand in the shadow of the still- barricaded Pacific Garden Mall, where about 25 buildings are being torn down and many more await repair.


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WORLD TRADE NEWS

Glaxo expands Singapore factory

By Peter Marsh

GLAXO, Britain's biggest pharmaceutical company, is to spend £70m expanding its production complex in Singapore. The money will be used to make the site the main factory for the basic chemicals needed for an important series of new drugs.

The investment, announced yesterday, is among the largest by British companies in recent years in Far East manufacturing operations.

It comes a few months after Imperial Chemical Industries said it would spend £150m on a new chemical plant in Taiwan.

The Glaxo cash, to be spent over the next three years, is on top of £70m already invested at the Singapore site. The complex started up in 1982 and employs 225 people.

Glaxo plans to site at the factory the bulk of its worldwide production of the chemical ingredients needed for three new drugs.

These ingredients, following standard practice in the world pharmaceutical industry, will then be transferred to formulation plants in other countries where the chemicals are made into medicines ready for sale.

The three medicines for which Singapore will supply the basic chemicals are odansetron, for treating nausea associated with cancer therapy; sumatriptan, an anti-migraine product; and salmeterol, an asthma formulation.

None is yet on the market but Glaxo is in the late stages of supplying data to regulatory authorities so that the products can go on sale. Some analysts believe the formulations could bring Glaxo large revenues of up to several hundred million pounds a year by the mid 1990s.

Glaxo said it decided on the Singapore investment because of its good experience in the country since 1982. Also it is a good international centre for transporting chemicals to the US, which accounts for nearly half of Glaxo's sales, and countries in the Far East where the company hopes to build up its business in the 1990s.

Glaxo said the investment in Singapore did not mean it was reducing its commitment to manufacturing in Britain. The company has in the UK four of its five large plants for making basic chemicals, the fifth being the Singapore factory.

Singapore already makes roughly half the basic chemicals for Glaxo's world sales of Zantac, its ulcer drug which with annual revenues of more than £1bn is the world's top selling pharmaceutical.

OECD seeks mixed credit reform

By William Dawkins in Paris

TRADE officials of the 24 members of the Organisation for Economic Co-operation and Development have agreed at a meeting in Paris this week that they should move ahead fast to reform the rules on the use of mixed credits, whereby governments hand out aid with export credits to encourage developing countries to buy their goods.

This leads to needlessly expensive subsidy wars which divert aid away from the most deserving cases and towards the most commercially successful developing countries, said officials.

To this end, the world's top industrial countries are preparing an international agreement to restrain the growing use of trade subsidies as a tool to attract Third World buyers for their exports.

National trade experts are to hold informal bilateral talks on controlling mixed credits over the next few months, to return to Paris for a formal meeting next spring, at which they could decide on more concrete steps forward.

Washington was keen to proceed fast on reforming mixed credits, against a cautious response from Japan, and to support its links with developing states in Asia, said observers.

Officials will also discuss a plan to extend a 1987 ban on interest rate subsidies for loans for rich countries, to embrace middle-income nations.

Another important issue on their agenda is the reform of OECD sectoral rules on agriculture and steel, where the European Community wants tougher controls on US export credits for farm products, while Washington wants to curb the use of export credits for steel plants in the Third World.

Governments used the Paris meeting simply to state their positions, leaving the real negotiations to the bilateral talks which will now follow in their national capitals.

Gatt queries traditional measures

By Peter Montagnon, World Trade Editor

TRADITIONAL trade remedy rules such as anti-dumping and safeguard measures may be difficult to apply to trade in services whose liberalisation is currently under discussion in the Uruguay Round of the General Agreement on Tariffs and Trade.

According to a paper written by Mr Bernard Hoekman of the Gatt Secretariat and Mr Michael Leidy of the University of Arizona for a recent conference on dumping, antitrust and competition policy rules would be better than anti-dumping measures for dealing with problems that arise in service industries.

Separate research conducted by the Gatt Secretariat for negotiators on services also questions the validity of applying safeguard measures, or rules allowing barriers to be erected against sudden surges in imports, to services.

Among the problems raised in the two papers are the difficulty of defining trade injury in services when many "imported" services are actually delivered by companies established and operating within the economy that consumes them. The specific nature of service products also makes it difficult to make price comparisons for dumping cases.

The papers suggest that any injury tests that are adopted for trade in services should be based on an economy-wide perception of injury rather than allowing any special interest groups of consumers or producers to be singled out.

Some international trade officials also argue that it may not be necessary to write trade remedy rules into any agreement on liberalising trade in services, noting that no such rules were included in the US/Canada trade agreement or in that between Australia and New Zealand.

A further problem relates to the nature of the remedies that could be allowed.

Logically such remedies might have to provide for service companies that have invested in an overseas market to disinvest and unwind their operations there.

Texas Air in $4.5bn Airbus deal

TEXAS AIR said yesterday it had placed firm orders for 20 Airbus Industrie A330 and A340 long-range aircraft and had options for 20 more for its Continental Airlines subsidiary, in a deal valued at $4.5bn (£2.85bn), Reuter reports from New York. This is the single largest Airbus order in the US market to date.

The wide-body aircraft are slightly smaller than Boeing 747 jumbo jets and compete with the MD-11 aircraft of McDonnell Douglas.

The order is the second big aircraft purchase this week. On Tuesday, Delta Air Lines said it would spend as much as $10bn on McDonnell Douglas jetliners and Boeing aircraft, in one of the biggest orders on record.

In July, Texas Air placed firm orders for 50 narrow-body Boeing aircraft and took out options on 50 more in a deal valued at $2.8bn.

The carrier said at the time it needed wide-body aircraft, adding that Airbus jets would fit well.

Texas Air said up to 25 per cent of the aircraft, which will begin arriving in February 1993, may be assigned to other Texas Air affiliates, including Eastern Airlines.

Airbus is a consortium linking manufacturers from France, West Germany, Britain and Spain. It was founded to provide competition to the US-dominated aircraft manufacturing industry.

In Paris on Wednesday Airbus Industrie said it had reached a provisional deal to sell the Soviet airline Aeroflot its first Western aircraft.

A banking source in Paris said the preliminary agreement for the deal for up to 10 Airbus A310s hinged on the Soviet airline being able to obtain bank financing for the purchase.

At least two state-owned French banks – Credit Lyonnais and Banque Nationale de Paris – are competing for the Soviet business, he said. The deal would comprise firm orders for five of the twin-engined wide-body aircraft, with options on five more.

EC thwarts Colombian flower and banana sales

By William Dullforce in Geneva

COLOMBIA is being thwarted in efforts to sell more cut flowers and bananas to the European Community. The situation is troubling some trade officials at a time when Colombia is being encouraged by Western countries to wage war against drug traffickers and to halt cocaine exports.

"It is time that the EC opened its market and put us on the same level as other exporters," said Mr Felipe Jaramillo, head of the Colombian delegation to the General Agreement on Tariffs and Trade (Gatt).

Colombia is the world's second largest exporter of cut flowers, mainly chrysanthemums and roses, after the Netherlands. But on the EC market it faces tariffs varying from 15 to 20 per cent, which are not applied to Israel and Kenya, two of its main competitors. Colombia is the only big supplier to the EC paying these high duties.

For bananas, Colombia has to pay the 20 per cent tariff imposed by all EC members except West Germany on countries not covered by the Lomé convention.

It pays an additional consumption tax in Italy and is subjected to restrictive quotas in other EC member states. Brussels has shown no interest in starting talks on this product, Mr Jaramillo said.

Bogotá feels it has been particularly badly treated over the flowers. Before the mid-term review by trade ministers of Gatt's Uruguay Round last December, it had been given to understand that the EC would cut its duty by half.

However, in its gesture on exports of tropical product from developing countries at Montreal, the EC reduced its tariff on flowers from 24 per cent to only 20 per cent for the period June 1 to October 31 each year and from 17 per cent to 15 per cent for the rest of the year. Colombia earned $254m (£161m) from banana exports and $190m from flowers in 1988. They are its largest currency earners after coffee, oil products and coal.

Coca farmers could not switch to banana or flower cultivation, which thrives best in different parts of the country.

Estée Lauder scents Soviet success

Quentin Peel reports on a surprising new arrival in Gorky Street

SIXTEEN years ago Mr Leonard Lauder, son and heir to the Estée Lauder cosmetic empire, attempted to barter perfume for cement in the Soviet Union. The deal fell through because the two Soviet ministries involved could not agree on a price.

Yesterday, at No 6 Gorky Street, a prime downtown site in Moscow just a stone's throw from the Kremlin, a far more complex dream came true: Mrs Lauder herself came to cut the blue ribbon at a pink granite and stucco perfumery shop where her products will be sold for roubles.

That is the most startling fact about the whole exercise and the reason why the Soviet authorities must be waiting with bated breath. For the first time, a large volume of quality western consumer goods are going on sale to Soviet citizens for roubles, and the queues may well rival those at the tomb of Vladimir Lenin, just down the road in Red Square.

It also seems a startling line of products to choose – expensive cosmetics being paid for in hard currency at a time when the Soviet economy is desperately short of foreign exchange. Yet within minutes a crowd was gathering on a street outside and a traditional Soviet queue was trailing round the corner.

The prospect for the products is one of almost infinite demand. For Estée Lauder, the deal is the outcome of several years' painstaking negotiations involving a stream of Soviet state enterprises, to find Soviet products which could be exported to earn the hard currency to pay for beauty products.

Raisa Gorbachev: a visitor to Estée Lauder in New York

The company has signed a $65m deal for its products over the next four years with Mossovet, the Moscow city council, and Mosgalantereya, the council's trading arm for cosmetics.

The shop will sell to the public for roubles but the supplies will be paid for in dollars, according to Mrs Jeannette Wagner, president of Estée Lauder International.

Mr Lauder, president of the family company, admits that the market is huge and unpredictable. "We have shipped in huge quantities of our products," he said. "We expect to do as much business here as if you had your sales at Selfridges, Harrods and Debenhams stores in London combined." In fact the plan is for a monthly turnover of some 1.5m Roubles and prices have been set at a competitive rate against the black market for such products: 15 Roubles for a lipstick and 140 Roubles for a bottle of Knowing perfume.

"Intriguing and sensual. . . Estée Lauder's newest perfume for the knowing woman," the Russian publicity gushes.

So just how have they financed it? That is when all the partners suddenly become secretive. "It's very complicated," Mr Lauder said yesterday. "We have helped them find new export markets for other products. The way it is structured, they are not giving anything precious away. They are doing more business in areas where they were not doing business before."

Mr Leonid Smirnov, director of Mosgalantereya, is a little more forthcoming. A major source of hard currency is Soyuzkhimexport, the Soviet chemicals exporting arm, he said. "They will pay for the products." At least seven countries are involved in the deal – including India, Egypt, Italy, France and West Germany, as well as the US and the Soviet Union.

Ms Elizabeth Susskind, vice president, special markets, of Estée Lauder International, has been flying to Moscow once a month to settle the details. She revealed that the company had invested in Soviet export projects, in return for the big contract.

How much? She wouldn't tell. Mr Lauder says it was only possible thanks to perestroika.

Mrs Raisa Gorbachev visited Estée Lauder in New York last year, but by then, Mr Lauder said, the deal was "99 per cent agreed".

So will the shelves run bare or will the prices have to change, if the demand is simply too great? Mr Smirnov is confident he has enough stock and has set the prices high enough. Or will the crowds mutter something about Marie Antoinette, as they look at the shortages of basic foodstuffs and household goods in all the other shops?

WATER PRIVATISATION

Councils issue asset writs

By Richard Evans

WRITS were issued yesterday against eight of the 10 former water authorities in England and Wales by 15 local authorities claiming compensation for future asset sales.

At stake is up to £13bn of assets transferred from local authority control when the regional water authorities were set up in 1974. The councils argue that compensation should be paid if these assets are sold by the privatised water companies.

However, the legal moves should have no impact on the imminent privatisation of the industry, as Mr Michael Howard, Environment Minister with responsibility for the water industry, has pledged full indemnity for the companies against any liabilities arising from the claims. References to the legal actions will be contained in the final flotation prospectuses to be published next week.

All the former authorities are involved apart from Northumbrian and Wessex, but the situation could alter if more councils decide to join the campaign.

So far the councils involved are Birmingham, Doncaster, Epsom and Ewell, Exeter, Hastings, Hull, Kirklees, Manchester, Newport (Gwent), Norwich, Nottingham, Sheffield, Southampton, Thamesdown and Wolverhampton.

Their legal challenge is two-fold. First, it is contended that the 1974 transfer was of control but not ownership, and therefore should the assets be sold, the proceeds rightly belonged to the councils which until 1974 both owned and controlled them.

Second, it is argued that should the first contention not prove valid, then it must logically be the case that ownership was transferred and that local authorities that lost assets were entitled to compensation under a 1845 Land Act or under common law.

Representatives of the councils, most but not all of which are Labour controlled, denied at a London press conference yesterday that their action was an attempt to disrupt the Government's controversial flotation plans.

Sir Richard Knowles, leader of Birmingham City Council which is claiming compensation of up to £770m, said: "It is not an attempt to stop, delay or disrupt privatisation. It is an attempt to win back for ratepayers what is theirs by *right.*" *He argued that the* councils had a fiduciary duty to their ratepayers to seek compensation.

The Environment Department said that, based on legal advice, it was confident that the councils' actions were groundless and that there was no legal foundation for them.

Teaching plan stresses oral skills

By David Thomas, Education Correspondent

FINAL PROPOSALS to improve the teaching of English to 7-16 year olds were published yesterday by the National Curriculum Council, the body responsible for introducing the new national curriculum.

Previous plans to regard standard English – the grammatically correct form used in public discourse – as one dialect among many and to teach grammar only in context have been retained.

These plans were criticised by traditionalists, but supported by the the great majority of respondents from within the educational world to the council's draft proposals published in June.

The council has also rejected the Government's request to give greater emphasis to reading and writing, compared with speaking and listening, in teaching English to 14-16 year olds.

Its insistence on ranking oral skills on a par with reading and writing is based on replies from both educationalists and employers to draft plans published in June. Mr Duncan Graham, the council's chairman, said yesterday: "Industrialists who responded emphasised the importance of speaking and listening."

The council published a consultative report setting out final proposals on the teaching of English to 7-16 year olds in England and Wales. Arrangements for 5-7 year olds have already been finalised.

Mr Graham stressed that the council's proposals would require pupils to understand grammatical terms: "We want to put more pride back into the language – and that requires knowledge of the language and its structure."

The council announced that it would monitor closely how well teachers cope with this aspect of the curriculum.

The programmes of study suggest that pupils would not have to speak standard English until secondary school, while they would be introduced to written standard English in primary school.

● *English: Consultation Report, NCC, 15-17 New Street, York YO1 2RA.*

Significant increases in emissions forecast

By John Hunt, Environment Correspondent

MASSIVE increases in carbon dioxide emissions in the UK are forecast in confidential Department of Energy figures according to the Association for the Conservation of Energy (Ace).

Ace says that they show that the emissions - which come from fossil fuels such as coal, oil and to a lesser extent gas - *will increase by 37 per cent by* the year 2005 and by 73 per cent by 2020.

Carbon dioxide is the main contributor to global warming - the so-called greenhouse effect. The forecast is an embarrassment to the Government at a time when Mrs Thatcher in her speech to the United Nations has just called for international action to tackle climate change.

Ace wants to see an expansion of the Government's programme of energy efficiency in order to reduce carbon dioxide emissions. But in fact, in the Chancellor of the Echequer's autumn statement on Wednesday, the budget of the Energy Effiency Office budget has been frozen for the next three years.

If inflation is taken into account it will effectively be reduced in real terms. Currently it is £15m, next year it will be £15.04m, in 1991 £15.2m and in 1992 £15.6m.

The Department of Energy projections are based on the assumption of high oil prices and economic growth of 2.25 per cent a year. Ace says the figures show a significant decrease in the nuclear power contribution to energy supplies by 2020 - down 14 per cent on current levels.

Protestants rail at 'blind injustice'

Kieran Cooke reports on a controversial conviction in N Ireland

ON November 8, 1983, Mr Adrian Carroll, a 24-year-old Roman Catholic, was shot dead in the centre of Armagh as he walked home for lunch.

In July 1986, after a trial lasting 64 days, four members of the Ulster Defence Regiment (UDR) – Neil Latimer, 27, Noel Bell, 24, James Hegan, 39, and Winston Allen, 28 – were found guilty by the non-jury Belfast Crown Court of what the judge described as the audaciously planned and executed murder of Mr Carroll.

All four are serving life sentences. Now there is growing concern about the convictions of the Armagh Four, who continue to protest their innocence. The case of the UDR men is similar in many respects to those of the Guildford Four – who were freed as innocent after serving 15 years in jail – and the Birmingham Six. Both the Guildford and Birmingham groups were originally convicted of separate pub bombings in 1974 in which a total of 30 people were killed. Evidence is mounting to throw doubt on the convictions of the Birmingham Six.

In all three cases, the crime is tied in with the politics of Northern Ireland. The convictions rested mainly on the evidence of confessions which those convicted say were extracted after mental and physical torture by the police – in the case of the Armagh Four, the Royal Ulster Constabulary (RUC).

But there is one vital difference – the Armagh Four are Protestants, from a community with long-standing RUC connections. Unionists are reluctant to criticise or call into question police conduct.

"Before this happened I did not really believe some of the nationalist accusations about the RUC," says Mr Norman Bell, father of one of the jailed men. The families of the four say they have received very little support from the unionist community in their campaign for the case to be re-examined. "People in this community seem to think the police can do no wrong," says Mr Bell. "We are on our own."

But there are signs of a change. Mr Peter Robinson, the Democratic Unionist MP for East Belfast, is compiling a dossier for submission to Mr Peter Brooke, the Northern Ireland Secretary. While nationalist politicians in Northern Ireland have for the most part stayed silent on the case, there are indications that the Dublin Government is interested in the fate of the Armagh Four.

Armagh was a very tense area in 1983. The Irish Republican Army (IRA) was on the offensive. So was the RUC, which had become involved in an alleged "shoot to kill" policy. Roderick Carroll, brother of the man murdered in Armagh and a member of the terrorist group, the Irish National Liberation Army (INLA), had been shot dead by the RUC.

The families of the Armagh Four say the RUC was under pressure to achieve results. They think the four became scapegoats, possibly to appease growing nationalist anger about alleged police discrimination. They feel several aspects of the case are suspect.

The police said the murder of Adrian Carroll was premeditated by the four UDR men, who that day were part of a 13-member patrol in the area. The police said one of the four, Neil Latimer, had carried out the shooting, aided by the other three.

The families say that the UDR men did not know where they were to patrol until shortly before the event, and so would not have known that their movements would coincide with those of the murder victim.

There is also the question of what the other members of the patrol were doing at the time of the shooting.

Much of the trial was taken up by the evidence of a Mrs A, who said she had seen Mr Latimer, dressed in civilian clothes, getting into a UDR vehicle when Mr Carroll was shot.

The judge described Mrs A as a highly credible witness, despite some inconsistencies in her evidence. The judge rejected the evidence of two other witnesses, one who had a very close view of the murderer and remains convinced it was not Mr Latimer, and another who saw a car speeding away from the murder site.

In a radio interview earlier this year, Mrs A alleged she had been tricked by the police, although she apparently sticks to her story of seeing Mr Latimer.

The trial judge said he was satisfied that confessions made by the four had been voluntary and the police had not acted improperly. He said it was incredible to think that a member of the security forces would admit to taking part in a sectarian murder if he was innocent.

The families say the judge was hostile to the defence case from the start. They say the four would have looked on the police as friends, unlike nationalist activists, who are often specially schooled in countering interrogation techniques.

The four UDR men were arrested in early December 1983 and held in the special RUC centre at Castlereagh in Belfast. One of them, Noel Bell, recently wrote an account of what he said happened.

"We, the UDR Four, entered Castlereagh as innocent, naive human beings," he wrote. "Nothing in UDR training prepares a soldier for interrogation at the hands of experienced detectives. I was shouted and screamed at, called a UDR bastard. Every time I tried to profess my innocence I was shouted down.

"I was slapped on the face, punched repeatedly on the chest and testicles until I fell to the floor. I was repeatedly told how I was supposed to have committed this murder on a guy I didn't even know. To cut a long story short, I was physically and psychologically tortured, brainwashed and degraded until I put my name to a prepared statement in order to get peace."

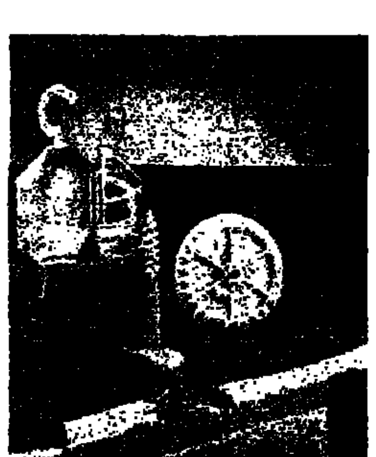
The four had no known connections with paramilitary organisations. Their families say they joined the UDR not out of any particular feelings of community loyalty, but because the regiment offered one of the few sources of employment in the area.

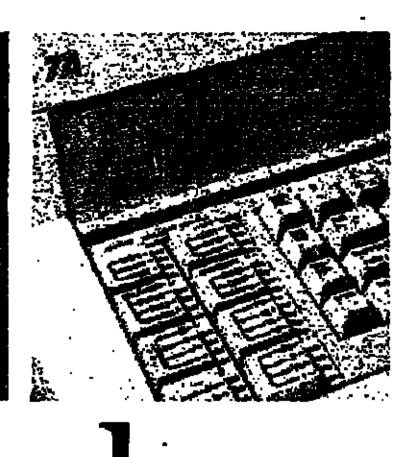
Shortly after the murder of Mr Carroll, the Protestant Action Force (PAF), a cover name often used by the loyalist paramilitary Ulster Volunteer Force, said it was responsible. Last year, after a failed appeal against the convictions, the PAF repeated that it was responsible for the murder.

The families say that on several occasions during the trial, the Armagh Four were offered various deals in return for pleading guilty. They refused.

The Northern Ireland Office recently said it would examine any fresh evidence.

The four are convinced that the tide is turning in their favour. As one of them said: "No matter how deep the truth is buried it will always dig itself out in the end. Just ask the Guildford Four."





UK NEWS

Unemployment forecast to rise to 1.75m by 1991

By Simon Holberton, Economics Staff

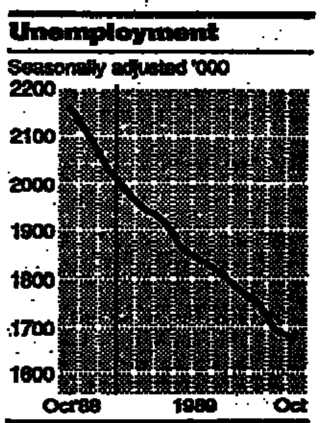
A SHARP RISE in pay costs and another large fall in unemployment yesterday reinforced the view that pressures from wage inflation in the UK have yet to peak, according to official figures yesterday.

But the Department of Employment's figures indicated that growth in employment in some regions in Britain may have ceased. The West Midlands recorded its first rise in unemployment since August 1986 and the number of jobless rose in East Anglia.

Next Wednesday the Government Actuary will publish his projection for unemployment in the 1990/91 year. This will show an 80,000 rise in unemployment from 1.67m this financial year to 1.75m in coming financial year – the first rise in unemployment since July 1986.

The Government Actuary's estimate of future unemployment is used to determine National Insurance contributions and to assist the Department of Social Security in planning a budget to meet unemployment benefit claims.

Mr Norman Fowler, the Employment Secretary, warned that "unjustified" pay settlements threatened the outlook for jobs. Echoing the Prime Minister and the Chancellor, he said that continuing progress will depend on moderation in wage costs.



The Employment Department said that unemployment, adjusted for seasonal influences, fell by 20,000 last month to 1.67m and amounted to 5.9 per cent of the workforce. This, the 39th consecutive fall in unemployment, took the total and the rate of joblessness to the lowest since October 1980.

Over the six months to the end of September, unemployment has fallen by an average of 30,700 a month. Officials put the underlying fall in unemployment at about this level.

In September, the underlying rise in average earnings was 9 per cent higher than a year earlier, up from an 8¾ per cent rise in the 12 months to the end of August. Underlying average earnings in manufacturing alone also stood 9 per cent higher in September compared with a year ago.

Employment Department officials said that the rise in earnings was due to an upward drift in pay settlements, most notable in public sector services, and production industries such as electricity, gas and water, but also in manufacturing.

A quarter of the 20,000 fall in seasonally adjusted unemployment was accounted for by Scotland where the number of jobless fell by 4,800.

● Manufacturing companies in the north of Britain are reporting better trading conditions in both domestic and overseas markets than their counterparts in the south, according to the British Chambers of Commerce quarterly economic survey, writes Patrick Harverson.

The findings suggest that the Government's interest-rate squeeze is affecting companies more acutely in the south, where corporate and personal indebtedness is higher.

Bechtel led group wins power plant contract

By Maurice Samuelson

A GROUP lead by Bechtel, the US engineering concern, was understood last night to have been chosen to build and operate British Coal's first commercial power station at Bilsthorpe colliery, Nottinghamshire.

The 150MW plant is expected to cost £120m-£150m and will incorporate clean combustion technology designed to meet tight environmental standards as well as high levels of generating efficiency.

It is a joint venture between British Coal and the East Midlands Electricity Board, which will guarantee a market for its output.

British Coal sees it as the first of a chain of pithead power stations which will give it a share in the privatised electricity market.

The Bilsthorpe workforce, represented by the Union of Democratic Mineworkers, will be offered shares in the power station. In exchange, they have tacitly assured the consortium and its financial backers, Kleinwort Benson, that its operations will not be disrupted by industrial action.

Bank seeks monetary control within EC currencies scheme

By Patrick Harverson, Economics Staff

MR ROBIN LEIGH PEMBERTON, the Governor of the Bank of England, said last night that the Bank of England would need to play a greater role in the running of monetary policy if the European Community were to adopt Britain's plan for competing currencies.

Speaking on BBC radio last night, Mr Leigh Pemberton suggested that the Government's proposal for competing currencies within Europe would require a disciplined monetary policy and a stable pound.

He said that if EC countries accepted currency competition, Britain could face the choice of either handing over the management of monetary policy to the Bank, or letting it play a greater part in the determination of monetary policy.

The debate about the role of the Bank of England was revived last month when Mr Nigel Lawson, the former Chancellor, revealed after his October resignation that he had put forward the concept of an independent central bank to the Mrs Margaret Thatcher, the Prime Minister, over a year ago.

In the radio interview Mr Leigh Pemberton admitted that he could see some "attractions" in the idea that the responsibility for maintaining a stable currency and stable prices through tight monetary policy should be taken "outside the political arena" and passed to the central bank.

Survey reveals poor state of training in British companies

By John Gapper, Labour Editor

BRITISH companies tend to train employees only when forced to by short-term business needs and many workers have never had any vocational training, according to a Government study.

The results of the most extensive inquiry into the state of vocational training in Britain, were yesterday described as "mind-boggling" by Mr Norman Fowler, Employment Secretary.

About two thirds of employees questioned said they had not undergone any training in the past three years, and more than 40 per cent could not imagine themselves undertaking any training.

The study, by management consultants and employment research groups for the Training Agency, found that employers had increased the number of training days by about 15 per cent between 1984 and 1987.

But it concluded that British employers tended to concentrate training of particular groups of workers - including school-leavers, those with already high skill levels and people working in areas affected by technical change.

A survey of the employers of 17.8m people carried out for the study by Deloitte, Haskins and Sells found little effort being made to analyse the costs and benefits of training. It was often done to meet short-term business needs.

In Brief

BP plans Scottish expansion

British Petroleum unveiled plans for a £560m expansion of its Grangemouth refinery complex near Edinburgh in Scotland. The project will create up to 2,650 jobs during a two year construction phase set to begin in 1991, and about 300 jobs during an earlier design stage.

Heathrow terminal plan

A £29m improvement scheme at Heathrow's Terminal 1 for passengers on domestic flights has been given the green light by BAA.

Mobil gas find

Mobil, the US oil company, has discovered a gas reservoir 6km from its unmanned platform at the Camelot field.

Correction

In an article published on 8 November concerning the way other local authorities were responding to the recent High Court ruling that Hammersmith & Fulham council was not empowered to engage in swaps, we stated that Haringey council had circulated its bankers saying that it would not make or receive payments while it sought legal advice. This was incorrect and we apologise for our error.

Power chief calls for price rise to promote efficiency

By Maurice Samuelson

ONLY A "significant" increase in electricity prices would produce the standards of efficiency needed to meet the industry's tightening environmental regulations, said one of Britain's top electricity industry officials yesterday.

Mr Robert Malpas, chairman-designate of PowerGen, the generating company, said "significantly higher prices" were needed not only for electricity but all forms of energy – petrol, heating oil, gas, jet fuel, and diesel oil.

He was giving the opening speech at the FT International electricity conference in London attended by about 300 delegates.

Noting that Britain was the only country which did not apply Value Added Tax (VAT) to electricity sales, he said the imposition of high electricity prices via a VAT tax mechanism would "raise howls of protest." But it was "by far the best option around" to reduce waste and environmental damage.

As evidence of how price signals influenced behaviour, Mr Malpas compared pricing and energy consumption in Japan and Sweden. Japan, with electricity prices three times higher than Sweden's, used much less energy per unit of Gross Domestic Product than Sweden. Its higher energy prices also seemed not to have inhibited Japan's economic success.

Referring to the need to reduce emissions of carbon gases, Mr Malpas said he found the concept of a carbon tax on the consumption of fossil fuels "appealing", although it would be difficult to assess the precise total effects on the environment of various fuels.

Mr Rémy Carle, deputy general manager of Electricité de France, the French State power utility, highlighted the economic and ecological benefits of nuclear power, which now accounts for more than 70 per cent of France's electricity.

Besides securing French independence in the energy field, it eliminated the need to produce "hundreds of millions of tonnes" of carbon dioxide, thereby avoiding an intensification of the greenhouse effect. It also avoided the emission of millions of tons of sulphur and nitrogen oxides which destroyed forests.

Nuclear power gave France some of the lowest electricity costs in Europe and a buoyant export trade in electricity.

Mr Carle called for greater co-ordination of Europe's electricity market and said this should start with greater trade between utilities.

The fundamental aim was to optimise production and transmission systems for the good of all concerned. In the past, optimisation of capacity had been achieved within individual countries but never on a European level. While power plants sometimes operated in some countries, less expensive plants remained shut down elsewhere.

Discussing the evolution of the American electricity market in the 1990s, Mr David Penn, general manager of Wisconsin Public Power, said that he feared the US could move from a period of "extreme excess capacity" 15 years ago to one of growing shortage.

New capacity included a few central units under construction for some time. But it was becoming dominated by increasing numbers of gas fired units to meet peak demand.

For the first time in this century, 1989 would see new electric capacity additions from non-utility generators equal capacity additions by traditional regulated electric utilities.

According to Bechtel Power, 40 per cent of new capacity between now and the year 2000 would be met by co-generation (combined heat and power) and independent generators as opposed to traditional generators.

On the marketing front, Mr Penn said that while competitive rivalry had increased there was little chance of a true competitive structure emerging. He blamed this on the difficulty for independent competitors of gaining access to the transmission grid, 80 per cent of which was owned by private electricity utilities which were vertically integrated into generation, transmission and distribution functions.

FT CONFERENCE
WORLD ELECTRICITY

"That our country's electric utility industry was allowed to institutionalise and consolidate this private monopoly is the biggest mistake from which you can learn. It is also the biggest constraint limiting our electricity supply future."

For Japan, a rapid growth in electricity demand meant that forecasts for the 1990s would have to be revised, said Mr Togo Miwa, general manager of Tokyo Electric Power.

The latest forecast, in October 1987, had concluded that demand, including independent power production, would increase at the rate of 2.3 per cent a year between 1986 and 1995 and at 2.5 per cent per annum from 1995 to 200.

But the outlook to the year 2000 is expected to be substantially increased when the Electricity Utility Industry Council brings out a revised forecast next spring.

The current outlook suggested a possible increase of more than 52,000 MegaWatts between 1986 and the year 2000, equivalent to 48 new power generating units of 1,100 MW each.

Supplying the necessary capacity was "easier said than done." In Japan, lead times on new plant constructions now took almost 20 years, particularly for nuclear stations.

Dr Vladimir Voloshin, the first Soviet delegate to address an FT electricity conference, called for greater co-operation in electricity supply between the countries of Eastern and Western Europe, and said it might become "an important foundation for the construction of the 'European home'."

Dr Voloshin, a research economist at the Soviet Academy of Sciences, said that due to past policies, many Comecon countries faced power shortages due to falling economic growth.

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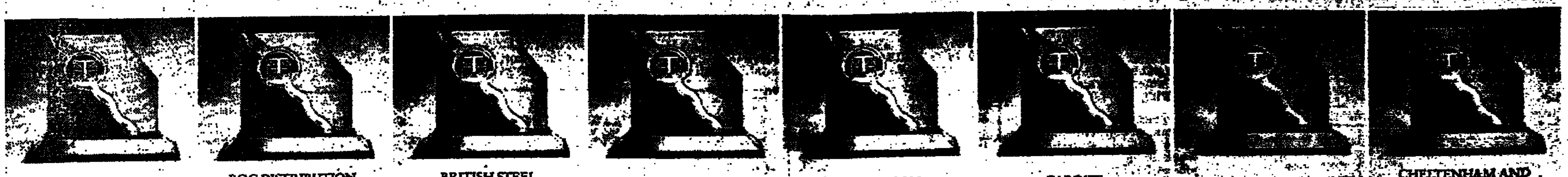

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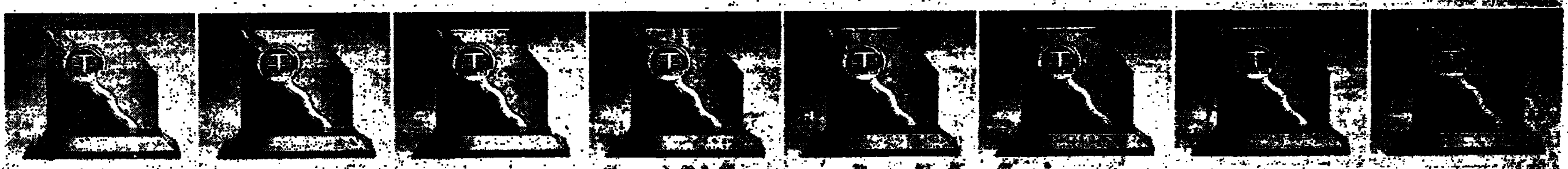

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FT LAW REPORTS

Change of port breaches contract

BATIS MARITIME CORPORATION v PETROLEUM MEDITERRANEO SA

Queen's Bench Division (Commercial Court): Mr Justice Hobhouse: November 14 1989

A SHIPOWNER'S reasonable compliance with charterers' orders, given in breach of contract, to take an arrived ship from its nominated loading port to load elsewhere, is a link, not a break, in the chain of causation leading from breach to damage, and the shipowner may therefore claim damages in respect of additional costs incurred. And if the shipowner claims on a *quantum meruit* for services rendered as a result of the breach, the amount is assessed on the basis of reasonable remuneration for services actually rendered, not on an estimate notionally made at the time of the breach.

Mr Justice Staughton so held when allowing an appeal by Batis Maritime Corporation, owners of the Batis, from an arbitration award that they were not entitled to damages for breach of contract by charterers, Petroleus Mediterraneo SA, and were entitled to a *quantum meruit* of only $40,800.

HIS LORDSHIP said that under a voyage charterparty on the ASBA II form, the owners chartered their Greek flag vessel, the Batis, for a voyage from loading ports in the Arabian Gulf to European ports.

The loading ports were defined as one or two "safe ports in the Arabian Gulf . . . including . . . Lavan Island and Hormuz terminals."

Clause 1 provided that the vessel should proceed with utmost despatch to a berth "or any other place whatsoever as ordered by charterers in one or more of the ports specified, "and there load a full cargo of crude oils."

The day after the charter was fixed the charterers instructed the vessel to load a full cargo at Hormuz terminal. The vessel arrived at Hormuz and tendered notice of readiness. Laytime began to run.

There was congestion at Hormuz and 10-day loading delays were likely. The charterers ordered the vessel to proceed to Lavan Island to load there. The owners did not consider the charterers had that right, but decided to comply with their orders under protest. The vessel sailed for Lavan, loaded, and then proceeded on her voyage.

There was a dispute between owners and charterers as to whether the charterers were entitled, after nominating Hormuz and after the vessel had become an arrived ship, to change the nomination and to order her to Lavan. The arbitrators held they were not entitled to give the order.

On the basis that the order was improper, the owners claimed against the charterers.

First, they said the order was a breach of charterparty for which they could recover damages; and second, they said they were entitled to a *quantum meruit*, that was to say, reasonable remuneration for the service they had performed in proceeding to Lavan and loading there.

The arbitrators, without expressing a clear conclusion on breach, rejected the damages claim on the ground that if the giving of illegitimate orders was a breach that breach itself did not cause damage to the owners. The cause of damage was their compliance with the illegitimate orders. The chain of causation was therefore broken.

On the *quantum meruit* claim the arbitrators rejected the basis of the claim to reasonable remuneration.

The owners appealed.

Breach of contract

In *Anglo Danubian (1949) 83 Ll L R 137* it was held that charterers under a voyage charter, having nominated place of discharge, were not entitled to order the vessel to discharge elsewhere. The order itself was treated as being the breach of contract.

The breach was the giving of an order which was inconsistent with performance of the charterers' obligations.

In material respects the present case was indistinguishable from *Anglo Danubian*.

The owners submitted that the giving of an improper order was itself a breach.

They relied on *Temple Steamship (1945) 79 Ll L R 1* where the time-charterers' breach was the giving of improper orders to the master (see also *Grace v General Steam Navigation [1950] 2 KB 383*, a time charter case).

If the authorities established that the giving of an improper order under a time charter was a breach of contract, there was no reason to place a different construction on voyage charters where the contractual provisions were similar.

Where the charterer was purporting to exercise a contractual right to give instructions to the vessel regarding her employment, there was no relevant distinction.

Each case had to be decided on its own facts and on the true construction of the relevant document.

In the present case, the order to go to Lavan was a breach. It was not an order the charterers were entitled to give; it was inconsistent with their other obligations under the charterparty; and it was an order as to the employment of the vessel under the charterparty.

It followed that the giving of the order to leave Hormuz and proceed to Lavan was a breach of charterparty.

Causation and damages

The owners claimed damages on the basis of additional costs incurred by complying with the order, less increased payment from the charterers. There were four debit items: demurrage, bunkers, deviation expenses and extra war risk premium of $68,072.

On the credit side was additional freight of $14,696.50. Also, by the time of the arbitration hearing the charterers had agreed to pay deviation expenses of $856.23, but had not yet paid, so that sum was included in the award in owners' favour. The net sum claimed was $64,356.

The only point on recoverability was causation, which was the basis on which the arbitrators rejected the claim.

Their conclusion disclosed an error of law in treating compliance with the order as breaking the chain of causation. Compliance was the essential link in the chain.

It had been held in a succession of safe port warranty cases that complying with an order did not deprive the shipowner of a right to damages.

On the facts found by the arbitrators there was no basis for departing from that principle. They expressly found that the owners acted reasonably and reserved their rights. It followed that if the owners' claim was put as a claim for damages for breach of contract, they would recover $64,356.

Quantum meruit

It was not disputed that if the charterers were not entitled to give the order to proceed to Lavan, the owners were entitled to recover on the basis of *quantum meruit*.

The owners relied on broadly the same items as in their damages claim. There was no dispute that they had become liable to pay $68,072 additional war risk premium.

The arbitrators considered that the *quantum meruit* must be assessed as at the time when the vessel was ordered to go to Lavan Island. They postulated that the parties would at that moment engage in a notional negotiation for increased remuneration, having regard to the increased liability for war risks premium the owners would incur.

The outcome would have depended on the strengths and weaknesses of the respective parties' negotiating position at the time. The figure that would have emerged from that negotiation would have been $40,000.

That approach was wrong in law.

The sense in which *quantum meruit* was used in the present context was as an implied contract to pay reasonable remuneration for services rendered.

It was a question of assessing the proper remuneration after the services had been rendered having regard to, among other things, all expenses incurred by the plaintiff in rendering them.

The whole amount of the expenses incurred by way of additional war risks premium must be taken into account.

The arbitrators had found that if the vessel had loaded at Hormuz no premium would have been payable, and that it only became payable because of the visit to Lavan.

The full sum of the premium had to be awarded. Considering the facts, arbitrators awarded $68,072.

That figure, when brought into the account, would give a slightly higher recovery to owners than on their damages claim. There was nothing surprising or anomalous in that. It was commonplace that the remedy of *quantum meruit* was invoked where it gave a better basis of recovery than a claim in damages. The $40,856 award ($40,000 plus $856.23) must be set aside and an award of $68,929 was substituted.

The appeal was allowed.

For the shipowners: Jonathan Gaisman (Ince & Co)

For the charterers: Charles Priday (Thomas Cooper & Stibbard)

Rachel Davies
Barrister

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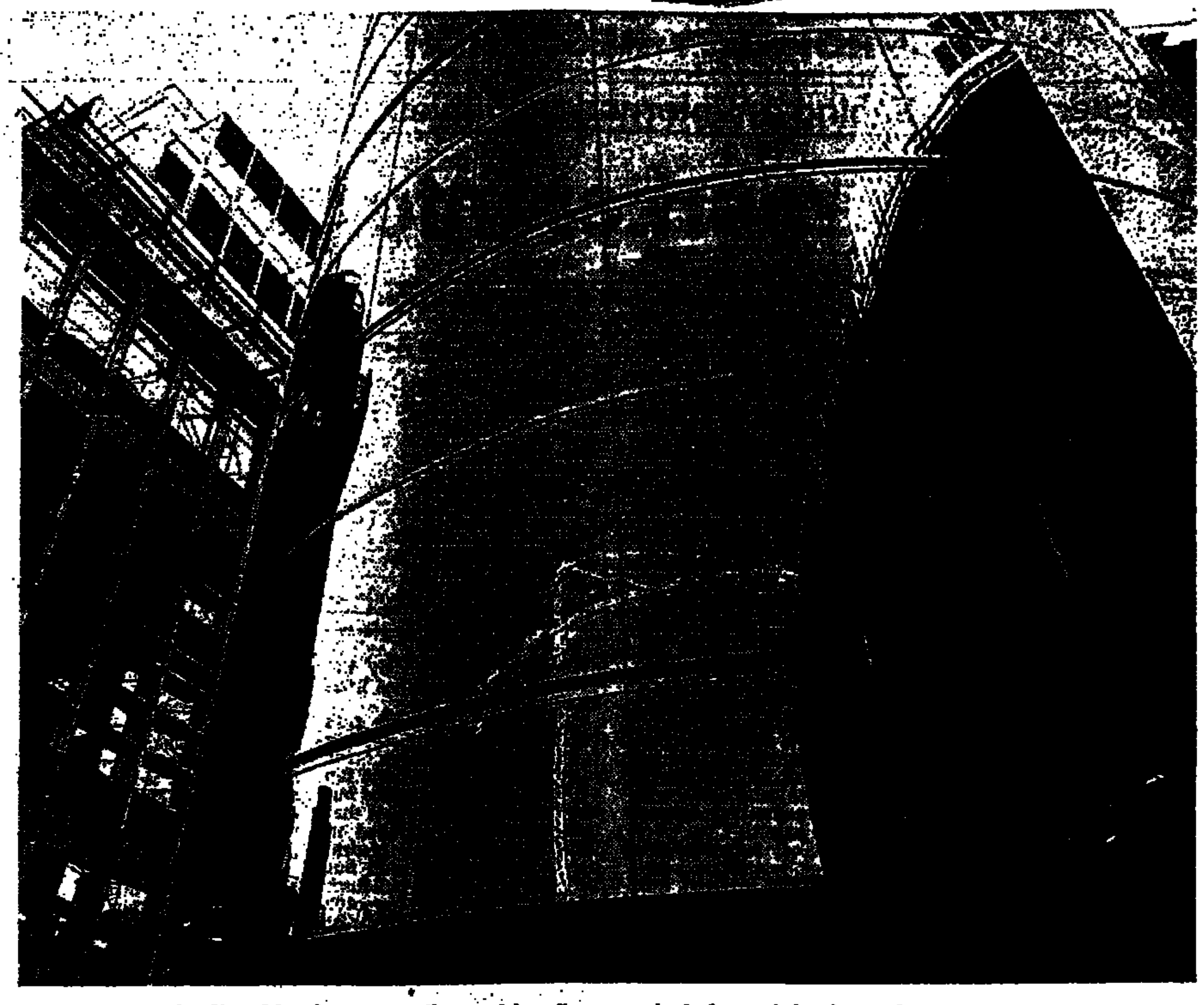
FINANCIAL TIMES SURVEY

Property research has made a rapid move from its academic base into the market-place. Every major property agent now needs to be able to supply its clients with research data on the prospects for each new development, writes **Terry Byland**

A reflection of maturity



Broadgate in the City of London: among the most heavily researched of recent developments

Property Research and Information Systems

CONTENTS

RESEARCH into the commercial property market has expanded powerfully over the past five years and exploded over the past two. The accelerating pace of economic, technological and social change has forced property agents, developers and investors to apply increasingly sophisticated analytical techniques to the property market. The market itself, meanwhile, is generally agreed often to be imperfect in its performance and reaction to events apparently outside its sphere.

Property research has moved rapidly from an essentially academic base out into the market-place. No major property agent can now expect to succeed unless it can supply clients with wide-ranging research data on the prospects for each new development.

The demand for research reflects a maturing process in the UK and global property business, according to Susan Courtney of Morgan Grenfell Laurie, surveyors and financial advisers. In the 1960s property was a new investment product, driven initially by very high demand, first in London and then throughout Britain as the older cities were reshaped.

The climate of the late 1980s has been quite different, and in ways that have enhanced the need for adequate research. The technological revolution has not only fundamentally altered the kind of buildings required, it has also speeded up obsolescence. As the buildings of the 1950s and 1960s have proved utterly unsuitable for the new office and retailing environments, so has it become essential that today's property developers look far into the future and do not make the same mistake.

Nor can the traditional profitability measures of property investment be taken for granted any longer. The comfortable argument that "bricks and mortar" was an excellent long-term investment and the soundest hedge against inflation must take account of those 1960s developments which failed, both in the public and the private sector.

Above all, property is no longer seen as an essential component in a balanced investment portfolio. Property has to compete for funds with other investment markets, in equities and in fixed interest stocks, in the UK markets and in other global centres. As the financial services industry is deregulated in the UK and the rest of Europe, as well as in the US, property advisers will be obliged to expand their production of deeper and more sophisticated research if they are to compete for funds, both domestically and internationally.

The industry has already begun to respond to its biggest problem, which is the shortage of reliable data. Performance data has, in the past, largely meant little more than simple projections of yields and rental flows. Now clients require data sub-divided minutely by area and comparisons with inflation and with other forms of investment.

Nor are clients' requirements now restricted to research data related to a project's likely performance after completion. The sheer size of most new urban projects in Europe implies heavy international funding; the fund which might rely on its own managers for advice on a development in its own country will take a stronger line when investing abroad. The agent will be required to produce in-depth studies of the target area long before any cash is proffered, let alone any bricks laid.

The internationalisation of property development has applied a significant spur to research demands on UK firms. Overseas involvement in property in the City of London, fired initially by the Big Bang restructuring of the British securities markets in the mid-1980s and now fuelled by the prospects for a single European market in 1992, has brought new pressures on UK property agents.

Japanese property companies, in particular, will barely consider a new property investment project unless the agent can show substantial research data on the prospects for success.

On both domestic and international fronts, the need for research has been fed by unhappy experiences in the past. UK developers would prefer to draw a discreet veil over some of yesteryear's less popular developments. In London, for example, the Elephant & Castle shopping centre now looks like an example of insufficient attention to the needs of prospective shoppers.

When UK agents and developers look into prospects for business in post 1992 Europe, they remember with embarrassment their unfortunate forays into Brussels and Paris in the early 1960s. Both could now be cited as examples of the penalties for inadequate research before entering new markets.

A leading role in the expansion of research has been taken by the Society of Property *Researchers (SPR), formed* two years ago and chaired by Mr Brian Waldy, director of research at Fletcher King. It draws its membership from property firms, research consultancies, investment funds, local authorities and from academic institutions, and has provided a valuable forum for the discussion of new ideas among property researchers.

In particular, the SPR joined with the Royal Institution of Chartered Surveyors this year in arranging a seminar on the application of forecasting techniques to the property market. Mr John Chandler, a business consultant, pointed out to the seminar the significance for the property industry of scenario planning. As an example, he outlined the possible means of easing "the clear problem of shortage of land in the south-east," which included deregulation of the green belt, creation of VAT-sheltered zones or changes in tax rules to allow commuter fares to be charged to income tax.

The property industry began its expansion of research data with the natural expansion of existing data banks and performance measurement standards. The industry is now quite well served in terms of indices measuring returns on property investment to institutional investors. The J&W Property Index, set up in the aftermath of the property crash of the early 1970s, has been joined by the Morgan Grenfell *Laurie* Index, published for the past 14 years, and by the IPD Index.

Despite the broadening of aims, research attention has remained close to the commercial core of the property business. New techniques have been applied to what will be clearly recognised as the old fundamental precepts. Market location, the first lesson drummed into newcomers, is now the basis for sophisticated location studies, undertaken whenever a client seeks a decision to buy, sell or hold a specific property.

Where it might have been left to the client to decide whether the high street in question was an area of growth for that specific business, the agent will now produce an in-depth survey of the district. The growth characteristics of the town, its population and economic base will be evaluated. As much evidence as can be unearthed will be produced on competitive lease agreements and on the quantity and quality of existing and projected developments.

The same quality of research will also be applied to the requirements of potential clients for the new development. Such studies can produce unexpected results. Among the most heavily researched of recent major developments was the Broadgate development in the City of London, which was aimed at the financial services industry then preparing itself for Big Bang. It was discovered that the stockbrokers, as expected, wanted floor sizes more than anything else. But it also appeared that the banks were still fixated more on prestige image than on costs, according to Morgan Grenfell Laurie.

The Broadgate study generated the beginning of a successful target marketing campaign by first identifying the securities arena as an expanding market, then ensuring that buildings were constructed with this end in view, and then by selling both the concept and finally the finished product to the customers identified in the first place. Its success is regarded inside the industry as an excellent example of how past experience, even in the simplified form of deals reported over the previous year, is no longer effective as a means of projecting future prospects.

With the UK and Europe now resounding with major investment projects ahead of the 1992 Single Market challenge, it seems that demand for property research can only increase. In the UK, the Channel Tunnel project has thrown emphasis on the need for careful evaluation of the opinions of the general public, and also on the complexity of local authority involvement.

The next decade also opens up questions over which of the European cities will expand, both in economic significance and in size. Some US and European securities firms have trimmed back the commitments to London taken on only four years ago, and UK property firms seek assurance from the researchers that a new wave of overseas clients will take up the slack. More work for the researchers.

PROPERTY RESEARCH 2

David Lawson looks at approaches to developing an international investment strategy

The search for global market information

THE WORLD is far too wide for many property investors. They like their own back yard, with familiar buying and selling customs and no complications like exchange controls, currency fluctuations, withholding taxes and strange legal systems.

But such parochial views are being eroded by closer meshing of economies and the realisation that it does not always pay to have all your eggs in one basket.

Equities and currencies are routinely traded across national boundaries as a method of spreading risk and returns, but they flow through exchanges blessed with instantaneous links and a plethora of market information.

The global property market is evolving much more slowly, however, partly because of natural frictions but also because accurate information is less easy to find.

Not everyone is slow to take up the new challenge, however. The Dutch, Japanese and Swedes are venturing abroad for property they cannot find at home. Jones Lang Wootton says the £1.8bn invested by foreign buyers in central London last year matched the total net UK property investment by domestic institutions. The picture is similar in Brussels, Frankfurt and Paris, and research teams are going into overdrive to satisfy adventurous foreign buyers.

"British funds have been slow to move into strategic analysis," according to Mr Colin Barber at Richard Ellis. Overseas investors such as the Americans, however, are spearheading the drive for more comprehensive market studies as they target Europe as a major source of property investment over the next decade.

"But at least they are asking leading UK surveyors to do this research, so the British are well ahead of other European consultants," he says.

UK funds still have a tendency to work on the "next best place principle". Once they have made the decision to go international, they tend to focus on individual countries rather than looking at an investment spread based on scientific risk and return forecasts.

Building an international portfolio involves correlating a large range of factors which may influence income and capital growth in each market and setting these against possible risks. A league table can be built according to the relative attractiveness of various cities but it would be pointless to buy in only the best one, since this means putting eggs once again in a single basket. Nor is it wise to spread merely between the top few performers, since they may all rise or fall together. The researcher's task is to discover how markets perform relative to each other and plan a spread across those which go in different directions to cancel out variations – negative correlation in statistical jargon.

In one study for an overseas government institution with a potential £500m to spend, Richard Ellis compared 10 cities around the world. Researchers looked at the economic background and prospects, social and political factors, taxation, lease structures as well as rental performance. This gave profiles of potential returns to set against a theoretical risk estimate determined by the deviation of performance from each market average.

Computers can work this out, but the human factor has to intervene. Tokyo, for instance, might come out top on the computer estimates but market experience reveals that property is rarely traded in large Japanese cities. Madrid has also performed well but may not have the big buildings necessary for an investor looking for large lumps of bricks and mortar.

Performance varied in the RE study between 7 and 37 per cent annual growth over a decade and risks worked out to factors between 4 and 10. The final choice eliminated the best performer, Hong Kong, because it also showed the highest risk. Amsterdam, with the lowest risk, dropped out of the reckoning because it also had the poorest performance.

The final choice boiled down to a spread of investment across seven cities, each taking various amounts of investment varying from 30 per cent in London to 5 per cent in Madrid. Mr Baker said this would show an overall performance of 22 per cent, which was less than some individual cities but involved a risk factor of only 3 – well below the lowest level in any one city.

Not everyone is happy that this sort of analysis is as sophisticated as it is cracked up to be, however. "Research may be overstepping itself through the uncritical application of skills developed in other markets blessed by better data," says Mr Gerald Blundell, of Jones Lang Wootton. Investors buying this information deserved to be cautioned.

He questions whether risks were adequately measured by some techniques, but his main worry is the lack of comparable property data. Reliable recommendations depended on correlations between markets remaining pretty much the same but, if too few observations were used, conclusions could change significantly with the addition of each new year's figures.

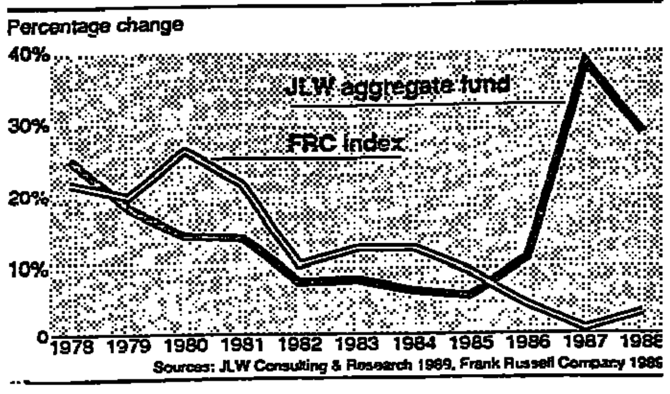
International risk/return comparisons were born in an equities market which could boast hundreds of asset price observations in measuring risk, he says. Outside the US, Britain and a couple of other countries, however, there were no regular indices of property market performance.

He condemned one published study that used only 10 observations of rental growth. Four European cities measured as an example over nine years showed the desired negative correlation, reducing the chance that each would simultaneously produce high or low returns. But extending the data over 11 years changed all but one of the measures. A mere two-year difference in timescale might not change the choice of markets but would question the weight of funds allocated to each one, Mr Blundell concludes.

Other weaknesses he fears in these international comparisons are that values change radically according to the chosen currency and analysis of past trends takes no account of all-important likely future returns.

He encourages international property investors to get all the help they can, but leaves a warning that researchers' ability to analyse and process numbers could outrun the quality and availability of basic data.

Office indices compared

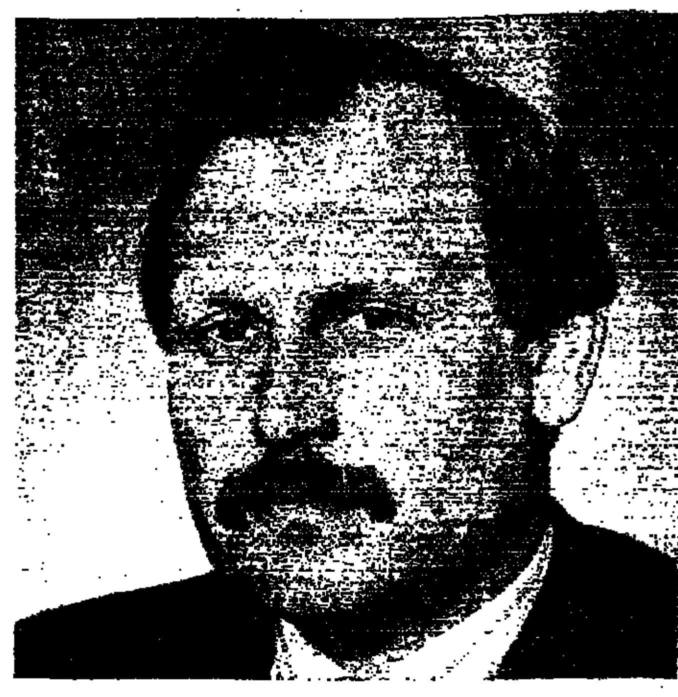


Sources: JLW Consulting & Research 1989, Frank Russell Company 1989

OFFICE MARKETS RETURN CORRELATION 1978/88

		9 years data	11 years data
LOCAL CURRENCY			
London West End	/Paris	-0.16	-0.14
	/Brussels	0.61	0.58
	/Frankfurt	0.56	0 53
Paris	/Brussels	-0.45	-0.30
	/Frankfurt	-0.12	-0.08
Frankfurt	/Brussels	0.54	0.54
D-MARK			
London West End	/Paris	0.27	0.28
	/Brussels	0.72	0.69
	/Frankfurt	0.57	0.52
Paris	/Brussels	0.27	0.27
	/Frankfurt	-0.01	-0.01
Frankfurt	/Brussels	-0.59	0.60

Source: JLW Consulting & Research



Gerald Blundell: research may be overstepping itself

CONFERENCES

Opportunity to talk shop

THE INCREASE in demand for property research over the past decade has also spawned a need for industry professionals to be able to catch up on the latest research developments and increase their technical expertise.

This is partly catered for by training courses that professional organisations and private companies organise. But an increasingly popular way for the latest ideas and techniques in the property research field to be discussed is at conferences.

According to Miss Wendy Turkington, marketing manager with Institution and College Conferences, the conference arm of The Royal Institution of Chartered Surveyors: "During the 1980s there has been a big increase in the number of conferences including those relating to property research."

'We're believers in answering questions the industry asks'

The quantity and quality of conferences involving property research has been a steady growth area in recent years. Conference organisers say that this reflects a considerable increase in demand by industry, investors, academics, and professionals.

Ms Patricia Connelly, director of Henry Stewart Conference Studies, a leading conference organiser in the property field, said: "We believe that a good conference organisation must empathise with its market. We're great believers in answering questions the industry asks. One has to be careful about arrogantly answering questions that one believes the industry ought to be asking."

The drawing together of a wide range of practitioners and users involved in research into recent big property developments also makes conferences an essential forum for the industry, the organisers explain.

Furthermore, the heightening of competition among researchers has boosted interest in conferences. "There has been a general surge in interest in the need to increase business awareness and conferences can help," said Miss Turkington.

The need for professionals, investors and academics to increase their knowledge in a number of new areas has been a source of interest. Three main areas stand out: financial developments in the City of London; new technology; and 1992.

According to Miss Turkington, the industry is keen to learn about latest developments in the City, particularly areas related to the financing of property development.

"There is a growing two-way meeting of minds on such topics as securitisation and financial deregulation. The initiative comes from the profession," she says.

The growth of new technology and the need to learn more about what is regarded as a technical but vital area has also been led to interest in conferences. "There is a growing awareness of new technology in the industry and this has been reflected in the conference arena. For example, how computers can be used by large surveying practices," Miss Turkington says.

The approach of 1992 and the developments associated with the single European market, not just on the industry but also on the professionals, has boosted attendence at conferences. "The majority of conferences seem to have a European angle at the momement," commented Miss Turkington.

Research will also rear its head in many other conferences related to property development. Organisers noted that in many conferences related to property development, there would often be the demand for a speaker on research. Indeed, as the larger developments become ever larger, research has an increased role. The techniques used in such research then have a ready audience.

This is particularly true of conferences on the large development projects, such as the Channel tunnel. For example, a conference entitled "M25 – three years after completion", organised by Henry Stewart, had, not surprisingly, research running throughout the programme. And at the Property Business Show in February 1990, there will be presentations on topics such as "getting the most out of property research" and "shops and shopping – where to go for the data".

Three main areas stand out: the City, technology and 1992

The participation of academics at property research conferences can also be of importance, since they are not only given a broad forum to present their research but also a knowledgeable audience.

According to Ms Connelly "we're very keen to ensure that not only academics give the benefit of their knowledge but also the practitioners. We aim to identify areas of interest and give the conferences the latest and best practices and offer a distillation of the speakers' research in areas that he or she is expert."

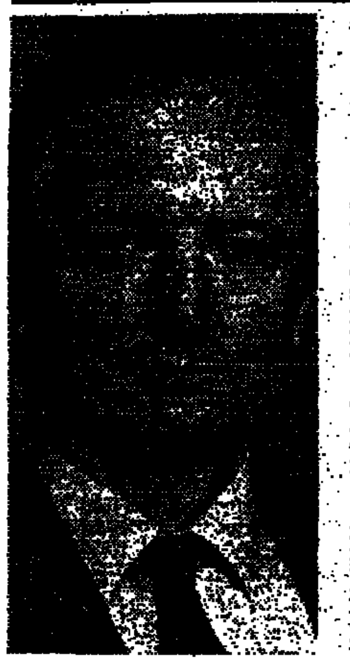
While the conference industry has been helped by the major property developments of the 1980s, it could be made set to receive another boost from the profession. In an attempt to improve surveyors' professional knowledge further, from 1991 the RICS will expand its continuing professional development programme to cover every professional member.

Under the scheme every professional member of the RICS will have to devote 20 hours annually or 60 hours over three years to professional development.

Jim McCallum

David Lawson on the importance of research at the concept development stage

When it doesn't pay to follow your nose



Mr Wells: intuition still alive

CITY SKYLINES are littered with property failures. Not just the obvious eyesores, but some quite inoffensive office blocks and shopping malls which are never quite full, or produce returns always a little less than comparable investments – perhaps a lot less. The legendary "nose" for markets meant to ensure that top developers put up the right product in the right place at the right time is not infallible.

No industrial manufacturer in a fast-moving and complex market would put £10m into a new product without extensive research. Yet some building producers still gamble as much as this by putting the cart before the horse. They make key decisions such as the location and character of schemes before checking local factors and potential occupiers' needs – by which time it is too late to overcome basic errors.

"Very often, researched market input is extremely limited," says Mr Julian Wells of Jones Lang Wootton. He blames pressures to get planning permissions and to move quickly into developments. But why should a developer wait when the evidence of comparable buildings seems obvious? The answer is that comparisons are not always straightforward, and the obvious may not always prove right.

A back-office scheme confidently started in an area that has proven attractive to relocators might, for instance, look shaky when studies of the local market show that labour is in short supply. A waterfront site with attractive but obsolete buildings would appear ideal for speciality shopping on Covent Garden lines until doubts began to emerge on accessibility and local spending power – when perhaps it is too late.

"The function of research at the concept development stage is not so much to target individual potential occupiers but to establish broad market characteristics," says Mr Wells.

For some very large schemes, such as the regeneration of Kings Cross in London, that means looking forward a decade or more to estimate the impact of decentralisation and new infrastructure like the Channel tunnel link. Changes in car ownership, leisure patterns and demands for a better working environment have to be anticipated.

Big schemes also create their own markets, rendering local statistics about demand and rent levels invalid. Researchers have to go back to basics to validate such large investments. A big business park being handled by JLW required sophisticated research to determine whether it could draw relocating companies to an area where there was no comparable development and a history of low rents which could not justify the high-cost outlays. That involved collecting a new base level of information by interviewing both locals and outsiders to determine their interest and their reaction to potential rent levels.

Some developments which appear attractive in terms of local statistics also fall down after deeper investigation. A major fund interested in a proposed new shopping centre in a prosperous area of south London asked PMA, the independent property market analyst run by Prof David Cadman and Richard Barras, to assess the investment. It found a favourable planning climate, good access and parking and an affluent population with high spending potential. Everything looked favourable – the sort of situation which would appeal to a developer's "nose" for a good deal.

But PMA also looked critically at two large and successful shopping centres which already drew custom from the area. It decided that the new scheme would have to create a major change in local shopping habits if it was to succeed. That looked all the more unlikely because yet another scheme was already under way in the next town, and would get first crack at the market, while other centres with overlapping catchment areas were also being upgraded. Target rents would not be achieved, and the competition meant long-term growth was also doubtful.

Early market research, therefore, helped the fund to decide against what appeared to be a good deal but which was likely to have been a poor long-term investment.

This well-orchestrated assault on the instinctive developer's nose has not completely killed intuition, however. "Research in the early stage of schemes cannot be a purely mechanical exercise," says Mr Wells. Experiment and risk are inevitable with a new product, whether a landmark development, radical type of building, or an untested location.

Even the most painstaking market research cannot produce comprehensive conclusions on a product no one has seen because end users tend to be conservative and unimaginative. They balk at the unfamiliar. "For instance, a major development can transform the image of an area, yet the majority of people cannot see the potential until it has been realised," says Mr Wells.

In most cases risks and returns can be fairly accurately predicted and investment decisions improved by early research. But where frontiers are being pushed back, imagination and creativity still has a role in the interpretation of results.

Sector analysis: some of the best work seems to fall on deaf ears

Impact depends on presentation and timing

SOME PEOPLE get the most self-destructive urges. "After a long, liquid lunch, I once pulled out a report about office over-supply and sent it again to a client with 'I told you so' scrawled across the cover," says one researcher. Luckily, the developer had a sense of humour. He accepted with good grace that he had ignored the warning that his office block would face stiff competition for tenants because so many others were being built at the same time.

Sector analysis is the most public face of property research, but a good deal of the work goes on behind the scenes in private advice for large clients. They can sway opinion but most analysts come to terms with the fact that some of their best work falls on deaf ears. Developers will often act like drivers who refuse to wear seat belts: they accept that dangers exist but insist that accidents always happen to someone else. Investors are more attentive, but a single report preaching gloom or doom rarely turns their heads. They often wait until everyone is saying the same thing in high-profile public statements.

"A vast amount of sector information comes their way," says Peter Evans, head of research at Debenham Tewson & Chinnocks. "It is impossible to specify the exact impact on letting or funding each report will have." He looks on the half-dozen or so major published works his department produces each year as part of a "trickle effect". They are much less likely to change minds than the private studies for specific projects which make up the bulk of most consultants' workload, but they do create an overview for individual decisions.

Impact often has to do with presentation. Property researchers often use much less dramatic language, for instance, than City analysts about the "disaster" of office over-supply. This is because over-supply is *not* a disaster for half their clients, who are looking for space rather than investing or building. Some, however, will hand the Press and public the sort of boom or crash they salivate for, either to court publicity or because they are naively unaware of the ramifications.

Timing is another important influence on the impact of public research findings. Take the recent warning by Mr Robin Leigh-Pemberton, governor of the Bank of England, about bank lending for office development. This knocked the stuffing out of property shares, particularly heavily-borrowed second-line companies, yet the governor was saying nothing new. He brought up the problem two years ago and the last two reports on property lending by Debenham Tewson made the figures crystal clear. Yet the message was ignored until *the outside world* was made sensitive to danger signs by the general problems of the economy.

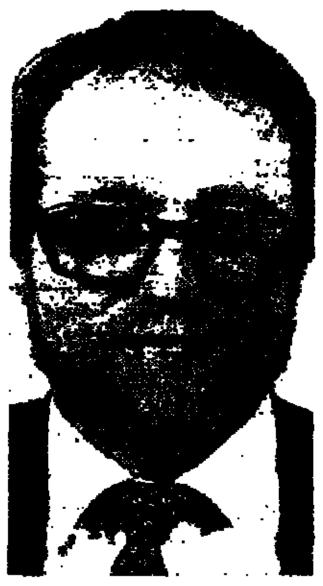
A similar effect occured over a recent report by Savills on the central London office market. Mr Charles Sanderson, director of the agents' City Business Group, said over-supply and rising vacancy rates suggested that both the City and Docklands faced "serious problems" over the next decade. Rents for second-hand space would need to be cut by as much as 30 per cent after refurbishment. Headlines bloomed as nervous observers scented a crash to compare with the mid-1970s disaster. The stock market panicked, slashing values of even the bluest of blue-chip companies with heavy exposure to the City.

Yet top analysts already knew how much supply was in the pipeline and had cut share values accordingly, leading to record discounts to net assets. Two contemporaneous reports from Richard Ellis and Jones Lang Wootton which played down the gloom were ignored because they did not fit the pattern everyone seemed to expect. They pointed out that potential over-supply would ease as developers postponed projects. In fact Savills had also made this plain in a caveat to its findings, but this had been overlooked.

"The development pipeline is being turned off and we are close to the turning point," said Mr Sanderson in a magnificently-mixed metaphor. So three reports on the same sector saying broadly the same thing had totally different impacts on a market which already knew what was happening. With that sort of logic, it is not surprising that researchers sometimes throw up their hands in despair.

They rely at the end of the day on explaining the ramifications of sector research to specific projects in which their clients are involved. Whether they take any notice is their affair. But analysts considering resubmitting ignored suggestions should remember that very few want to be reminded about their errors.

David Lawson



Mr Evans: sees a trickle effect

PROPERTY RESEARCH 4

Terry Byland on the increasing flow of specialist publications

Doing things by the book

THE increasing requirement for research, both academic and commercial, into the very essence of the property business has given an impetus to that sector of the publishing industry which concentrates on property. As chartered surveyors have faced requirements for proof of ongoing study of their profession and would-be entrepreneurs have sought the golden key to success, there has been an increasing flow of specialist publications.

The largest section of the property Press may be identified by its prospective consumers rather than by any specific themes. There is little shortage now of textbook material for either the conventional student, enrolled in college or university, or for the more seasoned, professional property specialist who seeks to extend his range of knowledge.

Some books or publications aimed at this market are from official government sources or from the professional organisations of the property world.

Thus the bookshops of Her Majesty's Stationery Office carry handbooks on a wide range of practical property matters. Recent publications from the Department of Environment have included handbooks of advice on estate improvement, intended as a guide for managers of housing estates; the move towards privatisation of local authority housing stock has fuelled demand from a wider public for such specialist fields.

In a similar category may be placed the publications of the professional bodies, notably the Royal Institution of Chartered Surveyors (RICS). The Institution's close links with the research area of the property business has produced reports bringing together the cost and construction implications of building design and maintenance.

For the broader reading public, the choice of new books on the property sector is perhaps less far-ranging. This is a pity since the industry has always attracted colourful entrepreneurs and its achievements, and sometimes its follies, are always on view to the general public. In an era which has seen the Stock Exchange create the Yuppie (not always to its own satisfaction), complete with car telephone, it seems a pity that the excitement of property development over the past decade has not been made available to the general reading public.

A number of professional financial writers have given thought to taking on the task of explaining to the public the personalities, the commercial companies and the social pressures which helped to create the developments currently dominating the Docklands skylines. But, whatever the number, the book has yet to be written, or at least to be published.

Elephant and Castle: mistakes stand before our very eyes

For a reasoned explanation of the way in which the "institutions", in this case the big pension funds and insurance companies, greatly expanded their commitment to commercial property early in the present decade, largely at the expense of those property groups which over-extended themselves during the 1970s, *That's the way the money goes*, by John Plender, remains outstanding; the eventual plight of the more over-confident of the 1970s property groups must surely have implications today. Any reader who has experienced the boost to confidence which comes from rocketing house prices may be chastened by reading the account of how the same experience wrought havoc with commercial developers only a decade ago.

Indeed, it can be said that the property world, having passed through a period of slow growth into a time of boom and now into a period of uncertainty, is ripe for a book from a senior, experienced observer. As developers struggle with high interest rates and signs of an economic slowdown, the parallels with the 1970s are becoming too close for comfort.

There could be no better guide for any reader or prospective writer than Oliver Marriott's famous *The Property Boom*, originally published in 1967 and reprinted this year by Abingdon Publishing.

Mr Marriott has chosen not to revise or update his book for the 1980s, giving as his reason for not doing so the absence of fundamental change in the commercial property system — all the more reason why *The Property Boom* is virtually required reading both for the practitioner and the interested onlooker of the property game.

For a practical outline of property development, together with a series of glittering sketches of the extraordinary characters who thronged the property world from the 1920s to the 1970, the book remains outstanding.

Mr Marriott's summary of the troubles inherent in the developments of the Bull Ring, Birmingham and of the Elephant and Castle in south London ring even more painfully true now that the mistakes are generally accepted as such and even stand before our very eyes.

There is evidently no shortage of official publications, ranging from sound commercial advice to the more technical textbooks on property. But, with Mr Marriott's book still a set book on almost all educational courses involving the industry, it will be a pity if students are not soon presented with a similarly detailed analysis of the more recent triumphs and tragedies of the commercial property world.

How the academic world links up with the commercial

Analytical approach valued

THE LINKS between the property industry and the groves of Academe have always been closer than might be supposed, and the expansion in property research over the past few years has inevitably strengthened them. In part, this reflects simply the increase in the quantity of research required, but it also indicates the change in the quality of research now demanded.

The increase in research volume clearly originates from the commercial world where agents and developers have found that clients expect to be presented with well-researched projects, and are impressed if some of the work bears a genuine academic stamp.

When it comes to the quality now demanded, the contribution of the universities and colleges is more distinctive. Modern shopping centres and office complexes can only succeed if substantial research is done at an early stage into such diverse areas as population trends, travelling distances and retail attitudes; but these studies soon spill over into wider concepts of population growth, economic forecasting and social or even educational expectations.

Few commercial property firms either have, or want to develop, departments capable of conducting research over such wide ranging areas, so it is to the academic world that they have turned.

Some basic material can be obtained by conventional market research techniques. Telephone canvassing is used widely in assessing the catchment areas for new shopping developments, office canvassing for major city developments. But even at this level, the questioning inevitably moves into highly sophisticated areas, with shoppers closely questioned on their image of the "ideal" shopping centre.

Tapping academic brainpower

Wherever the information comes from, the raw material will still need the kind of analysis associated with the academic world. "It's not just a matter of collecting information, it's what you make of it that counts", is a typical view from the property boardroom.

The financial sophistication forced on property developers by the sheer size of the 1980s projects, ranging from the reshaping of the City of London to the Channel tunnel, has also helped tighten the links between the commercial and the academic ends of the property spectrum. Developers' needs now range from projections of their own costings and rentals to projections of inflation, employment and economic growth.

To all these complications, all of which have heightened the need for academic as well as commercial research, must be added the international dimension which will increase substantially as Europe moves towards the creation of a single market-place.

Among the many links forged between the commercial and academic sides of property research, a prominent feature has been the joint effort by the Society of Property Researchers and the Royal Institution of Chartered Surveyors.

A series of technical seminars sponsored by the two institutions earlier this year was addressed by senior academic and professional experts on such fields as econometrics and scenario planning. These seminars aimed to "raise the level of awareness about forecasting techniques" and to encourage dialogue between forecasting specialists and property forecasters.

As an indication of the application of enhanced research to the industry, one speaker pointed out that: "Property financing, exchange rates, interest rates and so on are a fertile field. You can develop all sorts of scenarios in this field to sooth or disturb your colleagues."

Another speaker, demonstrating that econometrics could be applied as a route to forecasting, pointed out that micro-level economic models could focus on the implications of national trends for a specific building or development.

A more immediate but equally imaginative use of academic research towards property projections was undertaken in a joint project by the Polytechnic of Central London and the Continued Professional Development Group. The two groups, the first representing the academic approach, and the second the contribution from professional surveyors already at work in the commercial world, united to produce a series of papers, later printed in book form, on *The London Property Market in the Year 2000*.

The subjects attracting academic, as well as commercially based, research range throughout the principal subjects of property evaluation, according to the Royal Institution of Chartered Surveyors. Its current Research Register shows nearly 40 academic centres actively involved in projects ranging from "development appraisal using computer models" to "tenement flat rebuilding costs".

There is general agreement that the clear trend towards the internationalisation of property activity, and notably the onset of the single European market, implies an increased need for the wide ranging yet penetrating research that only the academic discipline and time scale can provide.

Past experience has shown that property development overseas is fraught with dangers and that the commercial sector rarely has the time, facilities or personnel to conduct the necessary research.

With the universities and colleges facing political pressures to justify research in terms of its value to identifiable commercial purposes, the pressures for closer co-operation between the two sides of the property equation can only increase over the next decade.

Terry Byland

In 1936, we at American Airlines placed one of our regular orders for new aircraft.

Only, this time it was an order with a difference.

From nose to tail, wing tip to wing tip, the plane was to be built to our own specifications.

The legendary DC-3 was born.

In due course, we became the first airline to retire its DC-3's in favour of the twin-engined Corvair 240.

And by the end of the 1940's, we were the first airline to operate an all post-war fleet.

Since then, the DC-7, the Boeing 707, the DC-10 all pioneered new routes flying American colours.

Today, we're adding an average of one new plane every week.

(Recently, in fact, we placed one of the heftiest aircraft orders in aviation history: £4 billion worth.)

For reservations, telephone your travel agent. Or, of course, contact us yourself at your nearest American Airlines office.

Meanwhile, we look forward to welcoming you aboard the newest Transatlantic fleet serving all of 14 European cities.

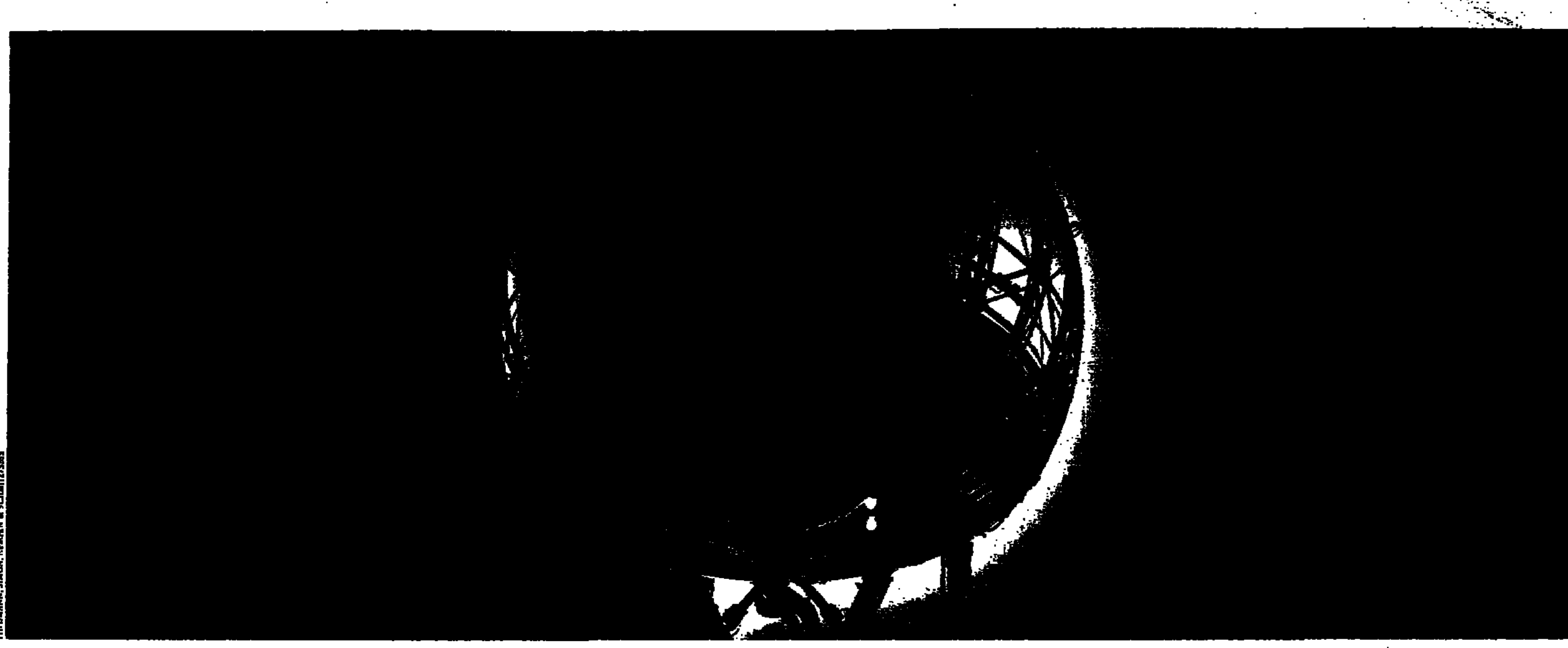
And getting newer by the day.

After all, we have a reputation to protect. One old enough to be called a tradition.

AmericanAirlines
Something special in the air.

“The most beautiful thing we can experience is the mysterious.”

Albert Einstein



The world is still full of mysteries we are eager to comprehend. Of questions we would like to answer.
How, for example, does a driver react in critical traffic situations?
When is he overtaxed?
What is the effect of a new drive system on driver behavior?
Is rear-wheel steering advantageous?
Our research center in Berlin answers countless questions such as these with its technological “crystal ball” – a driving simulator unmatched in the world.
A sophisticated computer system simulates the images, motions and sounds of driving under surprisingly realistic conditions.
With this fascinating device, our researchers test new concepts for cars and commercial vehicles to determine the optimum interaction between driver and technology.
Through the constant exchange of technology and ideas among the Daimler-Benz Group's Mercedes-Benz, AEG and Deutsche Aerospace corporate units, we are unlocking mysteries – and providing realities to enhance the benefits of the automobile for the driver.

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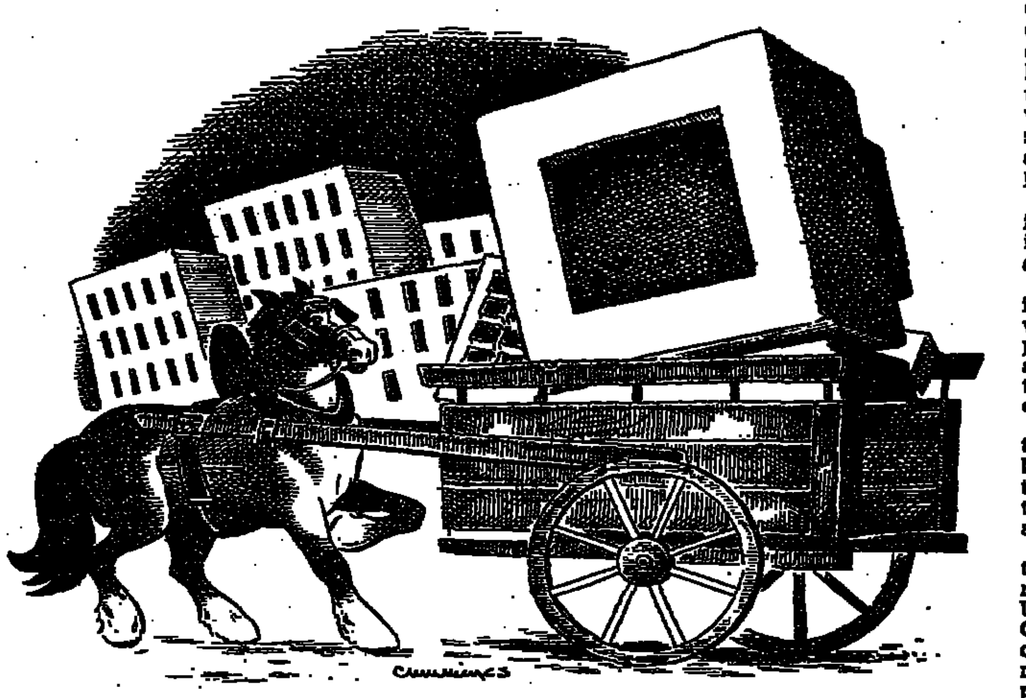
MANAGEMENT

Information networks

Pulling and pushing in different directions

Kevin Brown reports on a study which argues that companies must restructure to realise the potential of technology



Profound changes are taking place in the way companies use telecommunications to link a variety of business activities through dedicated networks. The driving force is an increasingly competitive business environment in which market share is becoming more dependent on the ability to anticipate changes in demand, and adapt products rapidly in response.

Telecommunications technology can help by improving the flow of information between manufacturers, their suppliers and their customers; by enhancing production flexibility and cost-effective product customising; and by integrating discrete activities.

But are companies making the best use of the available technology? A joint study* by the Organisation for Economic Co-operation and Development (OECD) and the University of California's Berkeley Round Table on the International Economy (Brie) suggests they are not.

François Bar and Michael Borrus, the Brie academics who co-ordinated the study, concluded that the potential of information networks can be realised only if companies are able "seamlessly to interweave" their telecommunications capabilities and corporate strategies. Yet very few of nearly 30 companies studied in detail in seven OECD countries had come anywhere near realising this ideal.

"Having made substantial investments in network technology, most firms are still struggling with accommodating their organisation to the network's potential. Few have explored its power in more than discrete business applications; fewer have integrated the applications or the network technologies they employ," Bar reported to a recent seminar at the OECD's Paris headquarters.

Why should this be so? A principal reason is the different national regimes for telecommunications with which companies are confronted, especially when attempting to build a network which crosses national borders.

The OECD/Brie team looked closely at differences between the liberalised regimes in the US and Britain, partially deregulated Japan and West Germany, and strictly regulated France, Spain and Italy. They concluded that the degree of regulation clearly affects the availability of network technology.

For example, the enduring state monopoly on most aspects of telecommunications supply and operation in France, Spain and Italy restricts the alternatives available to companies, especially in the latter two countries, where regulatory rigidities are combined with technological backwardness.

In the US, by contrast, three decades of gradual liberalisation have created an environment in which companies have a wide choice of equipment, management and control systems, free of interference from government agencies.

Yet the failure of most companies in all seven countries to use technology properly indicates that it is too simplistic to conclude that regulation is wholly bad, and liberalisation wholly good.

State-owned France Telecom, for example, has built a public integrated network using modern digital technology which is accessible by all users, including small companies which might not otherwise have access to advanced telecoms systems.

This is seen as the best method of providing for widespread, integrated use, and is being used by many large companies, including Matra and Banque Nationale de Paris.

In the US, companies have a larger menu of technological choice, but the diversity of network alternatives has created a fragmented system in which it is difficult to integrate incompatible electronic mail and data interchange (EDI) systems.

The problems are graphically illustrated by the experience of Bank of America, one of the companies studied by the OECD/Brie researchers. The bank can only link its network to others by running dedicated lines, developing common inter-network operating rules, and developing a shared sub-network to run common applications without disrupting either of the parent networks.

Banque Nationale de Paris, on the other hand, is more limited in its choice of technology, but can communicate easily with its major customers through the integrated public network.

The conclusion, says Bar, is that the key to a successful regulatory regime is flexibility, and that this should be the prime policy goal of OECD regulators. But that is only half the battle.

The case studies also show that the effective use of networks required companies to accept the need for substantial internal restructuring if they are not to waste much of the potential of the technology. The most significant constraints on effective use of telecommunications were not regulatory but organisational and methodological — reflecting the difficulty of adapting the organisation to the technology, and of measuring and evaluating it in action.

The research indicates that most companies go through a three stage learning process in which they first automate existing paper systems, then gradually identify the shortcomings of the automated system, and finally reorganise their activities to take advantage of the potential of the technology.

The most graphic example of the potential difficulties is Bank of America, which found itself with around 130 different networks after the initial automation phase. Branch staff often had four or five terminals on their desks, and telephone calls on private networks often had to pass through two or three satellites to cross town, with the inevitable result that staff bypassed the company's own system by using the public telephone.

Eventually, BoA re-organised its departmental structure in order to integrate the different networks.

Many of the companies studied by the OECD/Brie team were clearly still in the first phase of automation, and were able to demonstrate only partial benefits from the technology they had installed.

But all had hit problems, and there was a clear correlation between the sophistication of the system and the extent of the struggle to realise the available benefits.

For example, Kevin Morgan, the Sussex University researcher who carried out the UK research, concluded that Courtaulds, the British chemicals and textiles group, would reap significant benefits from a planned network linking design, manufacturing and retailing. But it would have to equip its textile manufacturing plants (now being demerged) with more automated and flexible machinery to prevent them being swamped by production increases elsewhere in the supply chain.

The OECD/Brie study makes no firm recommendations about how companies can avoid the kind of problems which have beset the pioneers in this field. The European Commission is considering funding a further study which may answer some of the questions. But two themes emerge fairly clearly: that regulatory liberalisation is not necessarily a panacea for information problems; and that establishing networks is likely to be painful as well as expensive.

**Information Networks and Business Strategies: Issues for Competitiveness and Information Technology; OECD, 2 Rue Andre Pascal, 75016, Paris.*

Motivation

Power of the limelight

Michael Dixon ponders on the notion that employees work better when they are the focus of outside interest

Would you like your staff to be much more productive without cutting corners? If so, you might try hiring parties of important looking visitors to tour around goggling at the work in progress.

People become highly motivated when they feel they are the centre of outside interest, say Karl Lilja of Helsinki School of Economics and Margaret Grieco of Oxford University*. Moreover, apart from straightforward reward and punishment, there are few motivators with a longer pedigree.

The incentive power of putting workers in the spotlight was discovered by accident 65 years ago by managers at the Western Electric company's plant at Hawthorne, Chicago. Wondering what strength of factory lighting would be most conducive to high output, they experimented with groups of operatives.

They began by brightening the light for one set, leaving it unchanged for the other. The result, while satisfying, was an enigma: both groups increased their production.

Thereafter the same thing happened whatever adjustments were made to the lighting. Even when it was dimmed to the point that the workers could barely see what they were doing, the upshot was yet another rise in output.

Bemused, the company called in Professor Elton Mayo, an Australian-born psychologist, from Harvard Business School. He and his research team refined the experimental method, and continued with a series of studies which lasted until 1932.

The main finding was that the performance of groups of workers, far from being machine-like, did not depend solely on their abilities as individuals. Their output was strongly influenced by the social interactions between them.

Even so, the best remembered legacy of the studies — the "Hawthorne effect" — is the conclusion drawn from the first crude experiment with the lighting. Workers respond well to feeling they are the focus of attention.

The typical result is not only high production but close adherence to the rules laid down by management. An example lies in the varied behaviour of staff in two newly-built hospitals designed to use identical nursing procedures including the dressing of wounds in a central section, instead of separate wards, to reduce the risk of cross-infection.

Whereas the nurses in one strictly obeyed the wound-dressing rule, it was habitually broken by the staff in the second. The difference was that the conforming hospital was treated as a showpiece for the design, and was constantly toured by admiring visitors, but the other enjoyed no such external interest.

Lilja and Grieco say the Hawthorne effect may help to explain why organisations that pioneer an industrial breakthrough tend to achieve results rarely matched by those taking up the development later, however closely they imitate the pioneer's methods. Being first in a field brings with it a showpiece status which, as long as it lasts, generates extra-ordinary commitment throughout the workforce.

Unfortunately the same effect can also be a handicap, especially now economic and technological upheavals increasingly require marked changes in companies' operations. People openly admired as model workers tend to become so committed to their ways of doing things as to be blind to the possibility that other methods exist, let alone to their own need to adopt them.

An illustration is Finland's Kaskinen pulp works which opened not long ago as the exemplar of low-cost bulk production of bleached pulp, with a planned prototype capacity of 250,000 tonnes a year. It attracted widespread attention, and its workers responded by successively raising the actual output to 350,000 tonnes without any increase in investment or staffing.

Meanwhile, however, the achievement of lower production costs elsewhere and shifts in Finland's economy have put the works' survival at risk unless it diversifies its activities. The trouble is that, far from finding it easy to persuade the workers to learn the necessary new approaches, the management is hard-pressed to get them to unlearn the old ones.

** Sundridge Park: Management Review; vol 2, no 4, 1989.*

Management abstracts

The impact of employee share ownership. *J Hyman & others in Employee Relations (UK), No 4 89 (8 pages)*

Examines the growth of employee share ownership schemes (both discretionary and all-employee schemes); uses share scheme data from two companies in the brewing and food industries to explore management objectives, employee responses and scheme consequences. Finds a divergence between objectives and responses, with little evidence to show that share schemes reshape employee attitudes or change trade union/industrial relations activity; indeed, finds signs that share schemes may lead to divisiveness and dissension within firms.

Long-term sales: the ultimate in selling. *M Everett in Sales & Marketing Management (US), Aug 89 (7 pages)*

By long-term sales we are talking about a process from initial contact through to sale that can take years, eg the case of Pilot Air Freight gaining a three-year contract with GTE which took three years. At 3M's Traffic Control Materials Division, they talk of 18 months. It's all about long-term relationships, getting to know the key buying influencers and moulding their thinking. But this takes a lot of time; IBM's executive responsible for a New York bank has that responsibility only.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £5 each (including VAT and p+p; cash with order) from Anbar, 62 Toller Lane, Bradford, West Yorkshire BD8 9BY.

TECHNOLOGY

Surfaces worth enhancing

MANY BRITISH engineering companies are falling behind their competitors overseas in recognising the growing importance of surface engineering, says Cest, the Centre for Exploitation of Science and Technology.

Surface engineering refers to the enhancement of surface properties. It will be studied by Cest, an organisation funded by a score of research-based British companies.

Cest, based at Manchester University, specialises in identifying areas of science and technology of national importance from a market and industry perspective. It believes that surface engineering is important to all manufacturing industries. If successfully applied, it can lead to products with longer lives, less wear and corrosion, lower maintenance and greater efficiency.

According to Bob Whelan, Cest chief executive, the study will integrate existing projects in such areas as tribology (the science of surfaces in contact), "to maximise the benefits of the technological skills already available in this country to the advantage of British industry."

Tribology is taken more seriously in the Soviet Union than in many other countries, according to a British mission organised by the Institution of Mechanical Engineers earlier this year. The mission, which was led by Peter Jost, a vice president of the institution, reports that a senior academician, V.S. Avduyevsky, has been appointed by the Prime Minister to head a national council of tribology, overseeing a well-funded research area.

It also reports that the Soviets are enthusiastic about transferring their technology. But it cautions that Soviet scientists are out of touch with developments elsewhere in the world.

It describes much of the work viewed by the mission as "highly academic" and requiring considerable development before it could be used.

But co-operation is taking place between the Central Electricity Generating Board and the Paton Institute of Electric Welding in Kiev.

David Fishlock

Nick Garnett visits Yamazaki's automated machine tool production factory in Japan

Robots operating on a long leash

Yamazaki's factory floor at Minokamo

After the Second World War, the Government of Japan imported bulk loads of machine tools and instructed local companies to make detailed drawings of the machines and their components and reproduce them. Like many Japanese industries, the country's machine tool sector, which had a tentative beginning back in the 1910, laid its post-war foundations on the art of copying.

Now the Japanese machine tool industry is the biggest and one of the most innovative in the world. Yamazaki is the world's biggest single producer, its sales of $800m equivalent to three quarters of the whole UK machine tool industry. And the company's plant at Minokamo near Nagoya is the largest and most automated machine tool production plant in the world.

Last year Minokamo was voted by a Japanese newspaper as the most automated plant in the country with one of the best working environments. It was yet another accolade for a family-owned business started as a foundry back in 1919 by a poor lathe operator named Sadakichi Yamazaki.

In terms of size and technology, there is no machine tool plant in the world that can match it. In heavy manufacturing, UK factories do not come close. Yamazaki, run by the founder's son, Teruyuki, operates space-age factories in the US and the UK. But Minokamo is the biggest and technically most impressive.

Initially built in 1983 at a cost of $55m, it was extended and re-equipped last year at a cost of $78m. It is a cavernous operation as big as a large car plant with 80,000 square metres of covered floor space, more than 2km of walkways and 1,100 metres of catwalk.

Minokamo is producing 300 to 400 complete lathes and machining centres a month, each with at least 200 principal components. The company claims that it makes 70 per cent of the machines in-house yet Minokamo employs only 500 people, 350 of them in production and design. Machine operators earn Y400,000 (£1,760) a month before tax.

The equipment is linked through computer and requires minimum human interference. The plant has 208 metal cutting machines, many of which are housed in 13 flexible manufacturing systems — banks of machines linked by computer. Sixty robots assist with handling. Fourteen automatic guided vehicles (AGVs) trundle about on 7km of floor wire that acts as the guidance mechanism. The 30-metre high warehouse has 27,000 compartments that can hold components of up to five tonnes in weight.

The plant works 24 hours a day but the midnight to 8am shift is unmanned. During this period, the AGVs, with load capacities of up to 30 tonnes, are programmed to deliver 2,500 different types of parts to 450 production stations.

The AGVs play music, a robot greets visitors at the plant entrance and the company uses the plant as a showroom — some 95 per cent of the machines used there were made by Yamazaki.

The fabrication bay starts with automated machines as large as half a house holding metal sheets of varying thickness. A vacuum "hand" which moves like a snake along a track selects the sheets and moves them to a bank of seven laser cutting machines. After cutting, they are transferred automatically to modern press brake machines for bending.

Operators assemble the parts into "kits". The items are selected by bar codes and bar code reader terminals. The kits are stored in open wracks, rather like a mail order catalogue house. The welding and painting booths are automated. Hirokazu Moteki, the plant's general manager, says the biggest problem in putting the plant together was software. "Plenty of bugs," he says.

The company says these problems have been sorted out and it is trying to extend its computer-controlled systems, at the heart of which is an IBM 4381 computer. The plant is not a fully computer-integrated plant. It claims to have a direct computer link from parts design to the fabrication machines but it has not yet managed to link component design direct to metal cutting machine tools. Ordering from suppliers and subcontractors is done through a normal paper system and by telephone.

The plant operates on a one-week production schedule. Programming is done by shopfloor operators rather than a special team. Minokamo once carried, on average, two months of stock. Managers say it now carries just two weeks of componentry, which includes the period when they are being prepared and installed into complete machines.

IN THE airy, marble-floored headquarters of Fanuc in Japan, the visitor is met with a banner in describing the company. "Vigorous Giant" it says.

Japanese companies often reveal a penchant for slogans which slightly grate on the European. But Fanuc's brilliantly conceived if gaudily painted canary yellow assembly plants which nestle in a forest below Mount Fuji underline the scale of production and re-investment that characterises much of Japanese industry.

Fanuc, once part of Fujitsu but now an independent company, is the world's biggest producer of robots, controllers for machine tools and motors that go into production equipment.

Its plants, automated to a level matched nowhere else for such products, produce every month 20,000 motors of some 500 different types, 6,000 controllers and some 300 robots. It uses 300 of its own robots for production in the six plants at Mount Fuji, together with automatic soldering and component inserting equipment, automated guided vehicles and full automatic testing equipment.

At each plant electronically controlled viewing windows have been installed with automatic sound commentaries. Because of the company's high level of automation and its use of outside component suppliers, Fanuc employs just 1,300 at Mount Fuji, only 350 of whom work on the shopfloors.

Yet despite having such a modern production plant, Fanuc says it replaces almost all of its production equipment every four years. The company is planning to spend Y20bn (£88m) this year on capital re-equipment. This includes a new factory at Tsukuba, the area north of Tokyo where a collection of research institutes and modern factories are gathered together.

Since Fanuc's Stock Exchange listing in 1976 its net income has grown at more than 50 per cent a year and sales at more than 30 per cent a year. Last month, it announced interim sales up a fifth at Y86bn and pre-tax profits of Y31bn.

Under the somewhat authoritarian leadership of Seiuemon Inaba, Fanuc's president and founder, the company is showing no sign of letting up. Of its workforce, one third are employed in its product development laboratories and a strong programme of new products is being adhered to.

The Tsukuba plant will produce EDM machines, equipment which cuts metal through spark erosion. Fanuc's business is still small in this area. It is developing laser cutters which it has only recently moved into, as well as injection moulding machines.

Its motor and robot technology is being continuously refined. It already produces a special lubrication system allowing an AC motor to operate at 20,000 revolutions per minute. And it sells a high-speed robot arm which can rotate at two times per second, with an accuracy of plus or minus 10 microns. Fanuc's robotics plants were viewed by the industry as a gimmick, until industry discovered how well they worked.

Innovation too fast for skills

The rapid development of technology in most industries is outpacing the rate at which workers can improve their competence. Two UN organisations have launched a collaborative pan-European programme to find ways of solving the problem.

The programme is concerned with the growth of industrial innovation which has overtaken the ability of the workforce to absorb fresh information. As a result, industry is starved of specialists capable of handling flexible manufacturing techniques.

Industries in 20 European countries are backing a network of research and training institutions which will exchange expertise in updating job skills.

The three-year scheme, initiated by the United Nations Development Programme and implemented by the International Labour Office, covers both eastern and western Europe.

The UN's employment initiative follows an important analysis issued by the European Round Table (a group of some 40 leading industrialists). It concluded that the accelerating speed of technological development is outpacing the rate of growth of individual competence. Enterprises can therefore gain competitive advantages by raising employees' education level and thus their skills and knowledge.

A specialist at the International Labour Office's headquarters in Geneva, said: "Change is fast becoming the norm for workers throughout the industrialised world, and there is no end in sight. By the year 2000, very few occupations will remain untouched by the march of technological progress. As the introduction of new production processes transforms jobs, a new profile of the workforce is emerging, requiring a total revision of the traditional content of training. Retraining has become an unending process."

The European Round Table has called for the establishment of a European programme for the development of education, similar to those already operating in the fields of research and technology. It would provide a framework to spearhead industry activities in influencing educational standards, teacher training, scientifically oriented post-graduate programmes, open education and the development of lifelong learning.

The European Commission in Brussels sponsors a network of Community training institutions concerned with a flexible approach to the manpower demands of technology which regularly render areas of previously valuable industrial skills redundant.

The UN's pan-European programme has expanded the scope of the co-operative approach by bringing together industry in Britain, the Soviet Union, France, Hungary, West Germany, East Germany and elsewhere to seek universal solutions to their problems. Other countries involved in the project are Belgium, Bulgaria, Czechoslovakia, Cyprus, Denmark, Finland, Greece, Malta, the Netherlands, Norway, Poland, Switzerland, Turkey and Yugoslavia.

The co-operative network of European training institutions, set up with an initial $319,000 raised by the UN, will include research and industrial establishments as well as individual specialists. The network was launched at a recent conference in Sofia, organised by the International Labour Office and attended by instructors and manpower planners from national training systems or in ministries of education and labour. Four countries offered to host technical seminars concerning such issues as modular training and training for numerically controlled machines and flexible manufacturing.

Papers presented at the meeting reflected a diversity of levels of development and models of training in different parts of Europe. Common trends were also apparent, such as the proliferation of training programmes run by industrial enterprises to create the skills matching their own specialised needs.

Decentralisation of manpower planning is also gaining ground, even in the centrally administered economies, with the decision-making process moving from the national to the local level and from training systems to individual units.

Thomas Land

ARTS

Arts Week

F	Sa	Su	M	Tu	W	Th
17	18	19	20	21	22	23

EXHIBITIONS

London

The Royal Academy. The Art of Photography 1839-1989: in celebration of the 150th anniversary of the first practical demonstrations of the medium, this large and impressive exhibition leads the visitor through the practical developments and aesthetic variations and experiments in the use of the medium, from the work of the earliest pioneers in France, England and Scotland, up to the present. The selection is representative, section by section, rather than exhaustive, with the chosen photographers shown in reasonable depth. Sponsored by Logica, the Midland and The Independent. Daily until December 23.

Paris

Musée des Arts Decoratifs. Je suis le Cahier - Picasso's sketchbooks. After two years of meandering the world over, the exhibition ends, aptly, in Paris. The 40 sketchbooks covering a period of 64 years follow closely Picasso's development. There are cubist flat planes decomposing reality next to the fulness of neo-classical figures, there is the almost sugary rendering of the mother and child theme next to the cruelly distorted female faces, there are all the facets of Picasso's inventive genius.107, Rue de Rivoli (42603214), closed Tue. Ends December 31.

Grand Palais. Archaeology in France. The exhibition presents 30 years of discoveries with some 3,000 objects, beginning with the inevitable skulls and flint tools and ending with finds from the Louvre foundations. A reindeer skeleton, numerous models of villages and tumuli, a life-size palisade topped with shields and spears, video programmes and explanations of scientific methods, all combine to bring thisaustere sounding discipline to life. Closed Tue. Late-closing night Wed. Ends Dec 31 (42895410).

The Louvre. Arabesques et Jardins de Paradis. The beauty and richness of nature is a leitmotiv which runs through Islamic art from Spain to India, from the 8th to the 18th century.234 exhibits, miniatures and manuscripts, textiles and ceramics show the unifying force of this inspiration which ranges from the decorative to the symbolic. Yet the traditional style of each of the Islamic countries adds a specific colour to nature's interpretation. Closed Tue, ends Jan 15 (40205317).

Photography. To mark the 150 years since the birth of photography the Centre Pompidou speaks of the invention of an Art, the Musée d'Orsay stresses its modernity (Quai Anatole France), Archives Nationales recount the genesis of this invention (60, rue des Francs-Bourgeois), Musée Carnavalet shows Paris daguerreotypes (31, rue des Francs-Bourgeois), while the Centre National de la Photographie uses chronology to teach its history (Palais de Tokyo, 16 ave Président Wilson).

Institut du Monde Arabe. Egypt-Egypt. An exhibition of 25 chef-d'oeuvres, including the most recent finds, starts with statues and bas-reliefs dating from the middle-empire, continues with a golden crown of a high priest of Osiris with some elements of Roman art and Coptic icons and concludes with Islamic exhibits. 1, rue des Fosses-Saint-Bernard (closed Mon). Ends Jan 14 (40513838).

The Louvre and the Chateau de Versailles. David. A retrospective consisting of 84 paintings and 165 drawings is held simultaneously in the Louvre and in the Chateau de Versailles. It retraces the artistic development of the founder of neo-classicism who, cutting free from rococo's frivolities, preaches the Roman republic's rigorous virtues in The Oath of the Horatii and in The Lictors returning to Brutus the bodies of his sons. A radical revolutionary and friend of Robespierre, he immortalises the assassination of Marat inhis bath, while organising the Revolutions self-glorifying festivities. With the advent of Napoleon he becomes the Emperor's premier *peintre* and celebrates him in a romantic equestrian portrait crossing the Alps and in the vast Coronation, the replica of which, together with the unfinished Tennis Court Oath and the Presentation of the Eagles to the Imperial Army is in Versailles. Louvre closed Tue, Chateau de Versailles closed Mon, both exhibitions end Feb 12.

Galerie Daniel Malingue. Maitres Impressionistes et Modernes.A large Picasso canvas representing his atelier in La Californie, dense with images of the grey and black walls and of the exuberant greenery pressing in through the tall French windows, dominates an exhibition showing Pissarro and Rouault,Magritte and Max Ernst and a magnificent Rodin bronze of a life-size male nude. 26, ave matignon (42666033). Closed Sun, Mon mornings and lunchtimes. Ends Dec 23.

Galerie d'Art Saint Honore. Lucretia. Setting off the white androse-coloured body against a deep black background, Lucas Cranach the elder dares to paint at the beginning of the 16th century in Luther's town a disturbingly beautiful Lucretia. There is a wistful yet sensuous expression on her face, a lighter-than-air white veil emphasises her total nudity and a gold chain rises and falls with the contours of her breasts. 267, rue Saint Honoré (42601503). Closed Sat, Sun and lunchtimes. Ends Dec 15.

Brussels

Europalia Japan 89:
Musées Royaux d'Art et d'Histoire. Nambam Art explores the Portuguese influence on Japanese painting and the Splendour of No Theatre shows props and costumes from the Rokuro Umewaka Collection. Closed Mon. Ends Dec 17.

Banque Bruxelles Lambert, 6 Place Royale. Japanese Buddhist art 7th to 19th century. Daily ends Nov 26.

Musées Royaux des Beaux-Arts. Seventeenth century flower paintings; a selection from the museum's collection of Flemish and Dutch masters. Closed Monday; ends Feb.

Musée d'art Moderne Place Royale. Takeo Yamaguchi and Yoshishige Saito, abstract art in Japan. Closed Mon, ends Dec 17.

Antwerp

Museum of Modern Art (Muhka) 32 Leuvenstraat. New tools - New Images: art and technology in Japan today with installations by Tatsuo Miyajima, Tsuneo Nakai. Closed Mon, ends Dec 3.

Madrid

Fundacion Juan March. Retrospective of Edward Hopper opens the autumn season at the foundation. 61 works by the New York realist covering a period of 56 years. Until Jan 4.

Barcelona

Museo de Arte Moderno. Showing of modernist posters belonging to the museum's collection. An important selection consisting of 70 posters by renowned turn of the century artists: Mucha, Steinlen, Toulouse-Lautrec, Cheret, etc. Ends Nov 26.

Frankfurt

Kunstverein, am Markt 44. A "Prospect photography" to celebrate the 150th anniversary of the invention of photography with 130 works from around 30 artists. Ends Nov 26.

Munich

Städtische Galerie im Lehnbachhaus. The most complete retrospective of the expressionist painter Karl Schmidt-Rottluff to date with almost 370 works from 70 private and public collections. After the Kirchner and Heckel exhibitions, this is the third significant project from one of the founding members of the Brücke group. Schmidt-Rottluff, who died in Berlin in 1976, was strongly attacked during the Nazi years.

Vienna

Museum for Applied Arts is hosting a large exhibition devoted to the works of Carlo Scarpa, the Italian artist and architect. The theme is focusing on "The Other city". Until Jan 15.

Rome

Spanish Academy. Salvador Dali: Sculptor and Painter.Supreme genius, or merely "Avidadollars", as his unkind Catalannickname implies? This exhibition convinces one that genius hecertainly was but that his inventive and sophisticated talent became irretrievably warped from the 1970s on, when he became cruel and tiresome in his desire to shock. Ends Dec 3.

Palazzo Venezia. Iriarte: ancient and modern in the IRI collection. The state holding group is showing for the first time some of its fine collection of sculpture, paintings and tapestries dating from the classical Roman period up to the present day, normally split among the headquarters of the various companies. Ends Nov 30.

New York

Metropolitan Museum. A decade of fabulous shows borrowed from around the world culminates in the present exhibit of the major works of Velazquez, much of which is borrowed from the Prado in Madrid. Ends Jan 7.

National Academy of Design. More than 160 objects from the Fitzwilliam Museum in Cambridge are making their way round America, giving a sampling of objects and paintings, among them works by Titian, Peter Paul Rubens and Renoir, under the theme of the increase of learning and other great objects. Ends Jan 28.

Metropolian Museum of Art. A major exhibit of the works of Canaletto brings alive scenes of Italy in its secular glory. Though many are familiar, the exhibit makes the artist's vision a breathtaking panorama with touching attention to detail. Ends Jan 21.

Washington

National Gallery. Almost three dozen paintings of the early 20th century German movements, Bauhaus, Neue Sachlichkeit and Blaue Reiter, lent by the Thyssen-Bornemisza collection, make a telling commentary on a part of the world again at the centre of attention internationally. Ends Jan 14.

Hirshhorn Museum. The first retrospective in America in a quarter century celebrates Francis Bacon's 80th birthday with a comprehensive review of his prolific career. The three-city US tour begins here with 60 works, a surprisingly large number of which are highlights of contemporary art. Ends Dec 7.

Tokyo

Teien Museum, Meguro. Yasuo Kuniyoshi. Retrospective to mark the centenary of a Japanese artist who emigrated to the US as a teenager and who in his last decade produced a remarkable series of grotesque images.

OPERA AND BALLET

London

Royal Opera, Covent Garden. Further performances of the new, and dismally unsuccessful, production of Cherubini's *Médée* by Mike Ashman, conducted by Mark Ermler, with a cast headed by Rosalind Plowright; and of *Rigoletto,* in the Nuria Espert production conducted by Sian Edwards, with Judith Howarth (Gilda), David Rendall (the Duke) and Brent Ellis in the title role.

English National Opera, Coliseum. The revival of Graham Vick's *Madama Butterfly* production brings back Janice Cairns to the title role, and introduces to London the American conductor Antonio Pappano. Further performances of the new David Freeman production of Monteverdi's *The Return of Ulysses,* conducted by Paul Daniel, with Jean Rigby, Anthony Rolfe Johnson, Sally Burgess, Laurence Dale, and James Bowman; final ones of Kurt Weill's marvellous "Broadway opera" *Street Scene* in David Pountney's staging.

Paris

Chatelet. *Fidelio* conducted by Lorin Maazel in a splendid Giorgio Strehler production with the Orchestre National de France and Warsaw's National Philharmonic Choir is co-produced with Teatro Alla Scala, Milan and Radio France (40282840).

Vienna

Staatsoper. Programme includes Mendelssohn's ballet *Ein Sommernachtstraum,* conducted by Caspar Richter; *Dir Verkaufte Braut* by Smetana, conducted by Ondrej Lenard and with a cast including Gertrude Jahn, Joanna Borowska and Alfred Sramek; *Le Nozze di Figaro* by Mozart, conducted by Peter Schneider.

Volksoper. Heuberger's *Der Opernball* conducted by Rudolf Bibl; Johann Strauss's *Wiener Blut* conducted by Rudolf Bibl; Ballet: *Fanny Elssler – Frau und Mythos* by Susanne Kirnbauer, conducted by Conrad Artmuller; Cole Porter's *Kiss me Kate* conducted by Herbert Mogg; Weber's *Der Freischütz* conducted by Dietfried Bernet; Oscar Strauss's *Ein Waltztraum* conducted by Herbert Mogg; Kalman's *Die Zirkusprinzessin* conducted by Herbert Mogg.

Brussels

Cirque Royal. Bejart ballet Lausanne performs *Piaf, Elegie pour elle, Firebird* and *Bolero.* Antonio Gades performs *Fuego* based on *El Amor Brujo* of Falla.

Théâtre Royal de la Monnaie. The Monnaie Dance Group Mark Morris in *New Love Song Waltzes, Love Song Waltzes, Wonderland,* music by Brahms and Schoenberg. Ingo Metzmacher conducts the Monnaie Symphony Orchestra.

Berlin

Opera. *Faust* sung in French has fine interpretations by Keith Lewis, Wilhelmenia Fernandez, Marcia Bellamy and Viktor von Halem. A Teresa Berganza recital with pianist Juan Parejo features songs by Rossini, Pergolesi, Bizet, Guridi and Rodrigo. *Der Troubadour* in Herbert von Karajan's production features Lando Bartolini, Sharon Sweet, Ruth Hesse and William Murray. *Giselle* rounds off the week.

Hamburg

Opera. *Magnificat,* danced to music by J.S. Bach, has John Neumeier choreography. *Tosca,* produced by Giancarlo del Monaco with Leona Michell in the title role, Giacomo Aragall, Ingvar Wixell and conducted by Leonard Slatkin. *Tristan und Isolde* is sung by Gabriele Schnaut and Wolfgang Fassler brilliant as leads. *Hänsel und Gretel* returns.

Bonn

Opera. The successful ballet production *Der Nussknacker,* choreographed by Youri Vamos returns. A Margaret Price Lieder recital, accompanied by Graham Johnson in Schubert and Schumann.

Frankfurt

Opera. *Dido und Aeneas* brings Glenys Linos and Valentin Jar, Elaine Woods and Sofia Theodoridou together. The new production of *La Finta Giardiniera* was well received and is wonderfully sung by Ugo Benelli, Margaret Marshall, Alicia Nafe, Sonia Theodoridou and Douglas Johnson.

Cologne

Opera. *Madama Butterfly* has Yoko Watanabe outstanding in the title role and Tone Kruse, Juan Lloveras and Martin Finke singing other parts. The first co-operation between Düsseldorf Opera and Cologne Opera is the new Wagner Ring cycle produced by Herzog. This week's offering is *Das Rheingold.* The cast includes John del Carlo, Jake Gardner, Shirley Close, Martin Finke, Josef Protschka and Hartmut Welker. *Die verkaufte Braut* is a well done repertoire performance.

Stuttgart

Opera. The new Harry Kupfer *Elektra* production has first-rate cast led by Anny Schlemm, Deborah Polaski, Toni Kraemer and Irmgard Stadler. *Andrea Chenier* convinces thanks to Mara Zampieri, excellent in the title role. Further offered *Don Giovanni* and *Dornröschen.*

Munich

Opera. *La Bohème* has a strong cast led by Gabriele Benackova-Cap, Julia Conwell, Wolfgang Brendel and Francesco Ellero d'Artegna. The extraordinary Nicolaus Lehnhoff Ring production returns this week. *Siegfried* stars Hanna Schwarz, Hildegard Behrens, Julie Kaufmann, Toni Kraemer, Robert Hale and Kurt Moll under Wolfgang Sawallisch. Also *Madama Butterfly.*

New York

Metropolitan Opera. The week features the first performance of the season of *Les Contes d'Hoffmann* conducted by Sylvain Cambreling in Otto Schenk's production with Ruth Welting, Judith Blegen and Luis Lima. *Die Frau ohne Schatten* continues in Nathaniel Merrill's production, with Eva Marton, Marilyn Zschau and Robert Schunk, conducted by Christof Perick. Lincoln Center Opera House (362 6000).

New York City Ballet. The resignation of Jerome Robbins as co-ballet master in chief somewhat overshadows the new season, which begins with an opening-night benefit on Tuesday and a week of mixed repertory before a month of *The Nutcracker.* New York State Theatre, Lincoln Center (870 5570).

Chicago

Lyric Opera. Kiri Te Kanawa sings Elisabeth de Valois, Tatiana Troyanos is Eboli and Samuel Ramey is Philip in the premiere of Sonja Frisell's production of *Don Carlos,* conducted by James Conlon. Lyric Opera (332 2244).

Washington

Washington Opera. *Così fan Tutte,* conducted by Leon Fleisher in Jean-Pierre Ponnelle's production, features Elizabeth Holleque as Fiordiligi, Deidra Palmour as Dorabella and J. Patrick Raftery as Guglielmo. Kennedy Center Opera House (467 4600).

THEATRE

London

A Life in the Theatre (Haymarket). Slight but enjoyable DavidMamet early play anglicised to reflect the last days of weeklyrep and notable for the return to the stage of a silkilyaccomplished technician, Denholm Elliott (930 9832). Ends Dec 2.

Jeffrey Bernard Is Unwell (Apollo). Brilliant performance byPeter O'Toole as an alcoholic journalist who embodies aFalstaffian, nay-saying life force while committing publicsuicide by vodka. Keith Waterhouse has stitched a fine play, the season's highlight, from Bernard's own writing, Ned Sherrindirects (437 2663).

A Little Night Music (Piccadilly). Fine revival by Ian Judge,imported from Chichester, of Sondheim's 1973 schlagobers version of a Bergman film. A beautiful score, composed mostly in waltz time, is touchingly performed by Lila Kedrova, Dorothy Tutin (her best work in years), Peter McEnery and Susan Hampshire (867 1118).

Another Time (Wyndham's). New Ronald Harwood play, directed by Elijah Moshinsky, about a white South African family in Cape Town and Maida Vale. Albert Finney plays father and concert pianist son across 35 years, suggesting that talent is a means of escape and a reason for not going back. Janet Suzman and Sara Kestelman are electrifying in support (867 1116).

M. Butterfly (Shaftesbury). Peter Egan has taken over from Anthony Hopkins as the tortured diplomatic hero in a Peter Shaffer-style "spectacle of ideas" dressed up in John Dexter's superb production as a metaphor of homosexual life. The transvestite tragedy proves less electrifying than in New York; the play is not very good but still worth seeing (379 5399).

Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns project the right sense of syberitic insouciance. A probable, but unspectacular, hit (839 5972).

New York

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s, accompanied by period flavour. (239 6200).

Sweeney Todd (Circle in the Square). An intimate production of the Sondheim-Wheeler musical in contrast with the elaborate original a decade ago emphasises the descent into madness of Bob Gunton as the demon barber of Fleet Street (239 6200).

Lend Me a Tenor (Royale). A sprucing up in the set of a decaying town's big time opera ambitions makes a transatlantic hit of this farce, first produced in London, but now with a local cast led by Philip Bosco and Victor Garber (239 6200).

Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).

A Chorus Line (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions (239 6200).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway hit (947 0033).

M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220).

Chicago

Driving Miss Daisy (Briar Street). The touching relationship between a dowager, played in this production by Dorothy London, and her black chauffeur exposes changes in the South. (348 4000).

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).

A Christmas Carol (Goodman). For the 12th year, the Goodman company does its holiday thing, with William J. Norris as Scrooge for the 11th year, but a new director, Steve Scott, and new adaptation by Tom Creamer promise to refresh the familiar. Ends Dec 30 (443 3800).

Tokyo

Kabuki. At Kabuki-za (541 3131): an opportunity to see two of the best-loved classics of the traditional theatre. The 11am programme includes *Sonezaki Shinju (Double Suicide at Sonezaki),* based on the moving puppet drama by the "Japanese Shakespeare", Chikamatsu.

The Rose of Versailles. A must for connoisseurs of kitsch. The all-girl Takarazuka Revue celebrates its 75th birthday by reviving its famous romantic musical, set in 18th century France. A plot summary in English is printed in the theatre programme. Takarazuka Theatre (201 7777).

Kokumeiwaya Gassen. New play by Hideki Noda, with a title drawn from a famous puppet play by Chikamatsu. Noda's work has tremendous visual flair and can be enjoyed by those with little knowledge of Japanese. Ginza Saison Theatre (5478 0771).

Detail from Burne-Jones's "Souls by the Styx"

Burne-Jones and friends

Francis Bacon is not an artist who usually springs to mind when looking at the work of Sir Edmund Coley Burne-Jones. But then, "Souls on the Banks of the River Styx" is no typical Victorian picture. Monumental, naked figures: their bones barely fleshed out in dry white paint, stand bowed and huddled awaiting their passage to the underworld. They stand isolated in an expanse of brooding green-black darkness. The phosphorescent whiteness of their knotted, wraith-like bodies casts brilliant glints in the black water. Its sense of dislocation and desolation is overpowering.

Ostensibly, the scene illustrates a passage from Virgil's *Aeneid*, a work in which both Burne-Jones and William Morris were absorbed in the early 1870s. It is more tempting to cast it as a rawly autobiographical expression of Burne-Jones's depth of despair after the attempted suicide of Maria Zambaco. The canvas could never have been exhibited publicly during his lifetime: the nudity would have offended, and the point of his painting it, incomprehensible.

"Souls" is the most remarkable painting in a show remarkable for its size and quality. Dealer Peter Nahum has based his exhibition around Burne-Jones, and at its core is a wall of drawings representing most phases in the artist's career. But as its ever-expanding title of "Burne-Jones, the Pre-Raphaelites and their Century" suggests, the parameters of the show have been stretched to embrace a generous variety of Victorian painting, drawings, prints and New Sculpture.

At one end of the drama scale is David Roberts's epic Egyptian "Temple of Edfou," a magnificent theatrical backdrop of a picture which used to hang in the Louvre – and one of the few large oils on display. At the other is Helen Allingham's watercolour of Tennyson's favourite walk. William Blake's followers, the "Ancients," are represented by Palmer, Richmond and a rare Calvert oil. There are fairy paintings – notably Fitzgerald's delicate and dreamlike "Sleeping Fairy" – and an exceptionally good group of luminous Liverpool School landscapes. There are the Classical Aesthetes, included among them the delicate harmonies of Albert Moore's small and crisply painted version of "Battledore" – badminton in a *chiton* in Tokyo, if you can imagine that.

The influence of Japan is evident too in a Ruskinian landscape tour-de-force, *A Hymn to Spring*, painted by Cecil Gordon Lawson. Nino Costa makes an honorary appearance as the only non-British artist in the show. He was the focus for the English "Etruscans" who gathered around him in Italy.

It is the drawings, however, that make the most sense as a group. Burne-Jones is a consummate draughtsman. The display is strongest on figure studies and female heads, some of the finest executed in the 1870s in what he called his "quattrocento style," inspired by a study of Mantegna and Leonardo. In two trial watercolour roundels for "The Flower Book," something of his idiosyncratic imagination and highly personal symbolism comes over.

Hard-edged Pre-Raphaelite drawings are hardly ever seen outside a museum. Here are Rossetti's *project for a scene from Much Ado About Nothing*, and head studies for the farmer in "Found;" intense little Lizzie Siddal drawings; and a stone of Venice from Ruskin's hand. One of the curiosities is an early Daniel Maclise pencil drawing of his patron the antiquarian Richard Sainthill standing beside the overgrown 14th century tomb of his ancestor.

Classicism outweighs the Gothic Revival, however. Figure and drapery studies by Lord Leighton and Edward Poynter abound. Indeed, at times the show resembles an Old Master drawings exhibition, with such marvellous sheets as Poynter's charcoal head of Perseus, and Shannon's red chalk woman holding a basket, and Watteau-esque studies in red and black chalk of *a seated woman reading*.

Most arresting, perhaps, is Simeon Solomon's intense personification of Night, a pencil drawing pre-dating the work of Fernand Khnopff by some 20 years. Looking around the gallery walls is evidence enough of the impact of Rossetti and Burne-Jones and their circle on European Symbolism – and even on Blue Period Picasso. Who says all Victorian art is parochial?

The exhibition continues at G.A.L.L.E.R.Y., 28 Bruton Street, W1, until December 15.

Susan Moore

The Art of Success

THE PLACE

The departure of Pip Broughton from Paines Plough will mark the end of an era for this excellent writers' company. Her swansong, a revival of Nick Dear's award-winning Art of Success, shows her on top form, capable of assembling a first class company and getting first class work from them.

Nothing less would do for this raucous and vivid theatrical etching, which gathers Hogarth, Fielding, Walpole and sundry others into a steamy, satirical portrait of 18th-century life. The production, mounted in partnership with Plymouth Theatre Royal and the Derby Playhouse, extends Broughton's partnership with designer Simon Vincenzi, who provides a stunning tourable set of white walls with numerous doors through which are glimpsed scenes of rampant drinking and whoring.

Sleight of lighting is capable of transforming the interior on the instant from lewd brothel colours to the piercing virginal white of Mrs Hogarth's boudoir, where – titian hair afloat like a portent of the Pre-Raphaelites – Claire Hirsch's Jane endures the tortures of the virtuous wife denied the a faithful husband.

Meanwhile her husband – played with a rough sincerity from Garry Cooper – explores the low-life for the subjects of his etchings of rakes and whores, digressing to join the fabled excesses of the Society of *Beefsteaks* and seek solace beneath the skirts of Louisa (Tina Jones), who would sell her soul for him provided her time was paid for.

Dear wields his characters like axes to left and right, slicing through to the corrupt and pulsing heart of a period not unlike our own in its headlong pursuit of material pleasures and its balancing preoccupation with public decency and the curtailment of "meddlesome artists."

While Robin Hooper's pompous, perspiring Walpole grovels, half naked, at the feet of a contemptuous Queen in an attempt to win censorship rights, Hogarth muses over the political implications of cheap etchings, available to all, and Fielding holds maudlin debates with himself about the proper style for the period, and the loss of romantic innocence.

Above and outside it all in ugly and truculent reproach looms the figure of Sarah Sprackling, a convicted murdress covered with festering sores, who sits silently through the first scenes of revelry, rising like a vengeing angel to enforce her final triumphant refusal to have her portrait etched for posterity in the pose of a common whore.

In the demented clarity of Denise Black's performance lies the other England, too diseased, exhausted and exploited to be part of any Hogarthian conception of 18th century life.

Claire Armitstead

Tina Jones and Garry Cooper

A Raisin in the Sun

PALACE THEATRE, WATFORD

Lorraine Hansberry coined the phrase "young, gifted and black;" appropriately, since she died at 34 having become Broadway's first black woman producer, this prize-winning glimpse of ghetto life in 1950s Chicago having marked an epoch not so much in social drama as in theatrical recognition of black talent.

Although the British production in the early 1960s struck me as bland, almost a well-made play written to formula, Lou Stein's direction at Watford proves the piece, now staple fare in American theatre, well worth reviving. Perhaps, paradoxically, the slightly antiseptic quality of this depiction of basically blameless people in what amounts to a middle-class drama makes the work easy to accept as a period piece. *James Baldwin it isn't.* It avoids that dangerously opinionated category, the adolescent male.

The play's virtues lie in the immediacy of its observation. The first part, with its scene-setting and introduction of the characters, still works well, not least in the figure of Walter – 35, married 11 years, still living in the apartment his parents came to as young marrieds, a chauffeur consumed with chafing ambition and frustrated self-respect. This is a marvellously contradictory character: exasperating, arrogant, blinkered, childishly excitable at hare-brained schemes to make a fortune, daydreaming of wealth and success, and given to bouts of fantasy that recall that other inadequate family man of late 1950s theatre, Robert Bolt's Jim Cherry. Don Warrington gets over the ebullient, middle-aged boyishness and sudden outbursts of bitterness but as yet fails to anchor the extremes in the routine of recognisable reality.

The play's weakness lies in the readiness with which his mother entrusts the patently volatile Walter with the insurance money for her dead husband – the money that is to change the family's life, predictably doomed to misrouting. Drawbacks further include the emotional rhetoric that comes easily to American theatre but not to British audiences, and at least one character who is merely a mouthpiece: the Nigerian student whose impossibly high-falutin philosophising reminds us of the excitement that attended American blacks' rediscovery of their African roots.

Isabelle Lucas plays the old mother on a much less matriarchal note than the original Claudia McNeil. Miss Lucas slips on self-effacingly, almost unnoticed; the role's creator made an entrance. As yet there are moments of awkwardness; but there are also flashes of touching warmth. The younger generation's case is strongly argued by *Marcia Myrie* as the aspirant doctor wooed back to African consciousness. Martin Johns' set hints at the fire-escapes looming over the rather well-furnished living-room. Recourse to the local antique shop with the green-plush dining-chairs, attractive drop-leaf table and positively lovely little Victorian rosewood sideboard would have solved the family's financial problems before the curtain rose.

Martin Hoyle

Nancy Argenta

WIGMORE HALL

The younger generation of singers is fortunate to have the Songmakers' Almanac as a testing ground for singing in recital. The experience of appearing with the group can soon be put to use in a solo recital – often ensnaring on the way the double bonus of Graham Johnson as accompanist and one of the pianist's excellent programmes, as Nancy Argenta did on *Tuesday* at the Wigmore Hall.

This young soprano has made her name primarily with the period instrument movement and her voice might well be regarded as the archetypal "authentic" soprano. The tone is bright, clear, brilliantly hard, an instrument for cutting a diamond. With an orchestra the lack of variety in its colour has never seemed to matter, but in the course of a piano-accompanied evening the ear inevitably starts to long for its edge to be softened.

In the first half – a selection of songs to texts by Goethe, half Schubert, half well-known poems in little-known settings – the singer offered a most pure, classically-formed style. Every phrase was perfectly chiselled, every line coolly shaped. For the Schubert, in particular, it is a kind of singing that we may well hear more often, if the rules governing period performance move into the interpretation of Lieder.

But at this recital it was difficult to avoid the feeling that Graham Johnson was drawing *from his conventional grand* a world of soft and subtle colours that met with no answer in the vocal part. Fauré's *Le Jardin clos* was especially brittle and chaste.

An icy surface perfection covered this cycle to the point where barely a chink was left for warmth or spontaneity to shine through. So it came as all the greater surprise when the final group shattered all *illusions* with an all-American showmanship in some sharp, down-to-earth songs by Ives, Rorem and others. The lively and characterful singing in that awful last song about "the serpent with a soul" was just what was needed.

Richard Fairman

Anthony Michaels-Moore

COVENT GARDEN

Anthony Michaels-Moore, second in the Royal Opera's monthly series of lunch-hour "Young Artists in Recital," is one of the brightest hopes of British opera. Fresh of face and manner, and fresher still of voice, Mr Michaels-Moore commands tones of wonderful beauty and fullness – lyric-weight but with a particular (and an unusual) warmth in the lower ranges. There is something spontaneous and natural about his singing that cannot be counterfeited, and that sits fruitfully alongside the equal unfaked qualities of intelligence and dramatic vitality.

As a song-recitalist, Mr Michaels-Moore shows signs of inexperience. In Tuesday's programme of Schubert (three Italian songs), Ireland, and Vaughan Williams, one noted moments of faltering support in the soft singing, and generally insufficient attention was paid to the middle dynamic ranges.

It should be said, however, that the Crush Bar is plainly an unfriendly place in which to expose the voice-and-piano combination, since vocal lines are dried out and piano accompaniment (which was given here by Paul Wynne Griffiths) is muddied. Perhaps a screen should have been wrapped round the duo?

The Schubert *canzone*, which operate on fairly simple principles of contrast, were offered with great zest and notably good Italian diction. However, in four Ireland songs and then in the complete VW *Songs of Travel* the overall want of compositional mood-variety was not fully counteracted by application of fine-brush verbal and tone-colour skills. There is room for further effort in these areas: indeed, Mr Michaels-Moore should be encouraged to develop his recital activities, above all because the basic gifts are both so plentiful and so firmly grounded.

Max Loppert

Scipio

GUILDHALL SCHOOL OF MUSIC AND DRAMA

Handel is very good for young voices: he tests them, shows them off, tempers and develops them. But Handel operas are notoriously difficult to bring off with even the most experienced artists, and the most satisfying aspect of the Guildhall School's staging of *Scipio* (the 1726 text with alto hero, discreetly cut) is the way the producer Stephen Unwin has devised a style to show his young cast off – not to mention the opera – to best advantage.

Within Rosamund Calthrop's plain but extremely elegant set (most imaginatively lit by Ben Ormerod) gesture and movement are spare: the singers stand proudly erect, stick their chins up, gaze defiantly at each other or the audience, and wham their arias straight out front. As they stride purposefully round the stage in ritornellos, the fine 18th-century costumes help them establish the air of confident arrogance somehow essential to opera of this period. Above all, they believe in what they are doing, and so do we. This is not the only way to do Handel operas, but it is still better than most.

Most impressive in the cast of six were the two mezzos taking roles written for alto castratos. Yvonne Burnett (Lucejo) and Debra Stuart (Scipio) may be modest of stature, but high heels and ramrod backs made them as formidable as a pair of prize fighting-cocks; Miss Burnett's warm, vibrant tone and ideally pungent diction put one in mind of Della Jones ("Cedo a Roma" was magnificently brought off), and if Miss Stuart is as yet made of gentler metal, she is nevertheless a musical and sensitive performer, and made much of Scipio's long accompanied recitative in the third act.

Simone Sauphanor sang the Cuzzoni role of Berenice; unsteadiness of tone compromised the long lines in the slower numbers, but she attacked her rock simile-aria (distant ancestor of Fiordiligi's "Come scoglio") with infectious zeal and caught the character's volatile moods convincingly. Wei Kiat Ong (Ernando), fixing the audience with a supercilious glare thoroughly worthy of a King of the Balearic Islands, sang both his arias excellently, and Katarina Pilotti made an irresistibly sprightly Armira. Sadly, Jan Stromberg (Lelio) sounded out of sorts: I have heard him sing much more confidently than this.

There was vigour a-plenty in Clive Timms's direction of the orchestra; perhaps he could have risked a little more expression in the exquisite sicilianas without offending against good 18th-century taste. This cast sings in Monday's repeat performance; this evening and next Wednesday an alternate team takes to the boards.

Rodney Milnes

SALEROOM

Good night for Picasso

The exceedingly rich Mr Walter Annenburg had a dinner date in New York on Wednesday night. On his way there the former American ambassador in London popped into Sotheby's and, bidding from the seclusion of one of the upstairs rooms, paid \$40.7m (£25.8m) for "Au Lapin Agile," by Picasso.

The painting, from the artist's "Rose" period of 1905, is a self portrait, depicting Picasso as a grim-faced Harlequin. He is distancing himself from a young woman, his model Germaine, who had earlier driven a friend to suicide. "Au Lapin Agile" will go on show at the National Gallery in Washington next year.

Mr Annenburg's visit made Sotheby's day. It had been slightly apprehensive about the fate of its 75 top quality Impressionist and Modern pictures and sculptures. Twenty-four hours earlier arch rival Christie's major New York auction had blown a fuse, with almost a third of the lots failing to sell. Was the art market boom faltering?

Not on the evidence of the Sotheby's auction, which produced a record total of \$289.5m (£170.6m). Only five items were unsold. Christie's experience now looks like an aberration, precipitated by excessive reserves placed on the pictures. Sotheby's in contrast got its pricing estimated right. The total was comfortably within the forecast range of a low \$208m to a high \$283m; there were 12 new artist records; and 44 lots made over \$1m.

Yet this was not a sensational auction. An air of caution has thankfully entered the art market at these exalted levels. There had been talk of a Picasso setting a record for any work at auction – beating the \$53.9m set two years ago for Van Gogh's "Irises." This did not happen; the fever is abating.

"Irises" had been bought by *the hard pressed Australian* businessman Mr Alan Bond, and he had an interest in Wednesday night's auction. He was selling "La Promenade" by Manet, principally to raise cash *to help pay for the* "Irises," still an extra financial millstone around his sagging neck. "La Promenade," a portrait of a pretty girl in a garden, did him proud, selling for \$14.9m. Sotheby's will *hold on* to most of this. Since Alan Bond only paid \$3.85m for the painting five years ago perhaps he should have become an art dealer.

Picasso had a good night. "The Mirror," a sensuous 1932 portrait of his mistress Marie-Thérèse. sold for \$26.4m and "Mère et Enfant," painted after the birth of his son in 1921, went for \$18.7m. Both are destined for Japan, a which creamed off most of the finest works. Kiyotaka Kori of Aska International, which owns six per cent of Christie's, was again an active buyer. *Sitting* in the front row he constantly raised his bidding paddle and spent almost \$30m, with a particular penchant for paintings by Renoir.

However the best Renoir – one of his studies of two girl at a piano – was unsold at \$17.5m, the only disappointment from an encouraging evening. Sotheby's hoped to dispose of it privately yesterday. *As at Christie's, bidding* was particularly strong below \$10m and new records were set for works by Miró – \$9.35m; for Mondrian, \$9.65m; and for Rodin, \$907,500. Another record was the \$1.76m paid for a large bronze sculpture of a muscular archer by Bourdelle. It was sold by the equally muscular Sylvester Stallone.

Antony Thorncroft

Record prices continue in Hong Kong and Geneva, writes Susan Moore. Sotheby's report a successful three days in Hong Kong, the series realising HK\$284m (£22.9m), well above the pre-sale estimate. New auction highs were set for both a single piece and a single lot of jadeite carving. The same Taiwanese dealer paid HK\$9.68m (£780,645) *for an unusually* large 19th century figure of Wenshu, and HK\$17.05m (£1.375m) for a Quainlong period pair of figures of Mei-ren, elegant court ladies, again of unusually large size and carved in variegated green stone.

A pair of rare Qing bangles came out top of the jadeite jewellery, going to a Taiwanese collector for HK\$12.32m (£993,548). Exceptionally high prices were also secured for snuff bottles. New records were established for pieces in agate and in glass overlay.

At Christie's in Geneva on *Tuesday, Swiss watchmakers* Patek Philippe secured for its museum one of the most spectacular automata created in the early 19th century. It is a finely enamelled, solid gold pistol, *out of the muzzle of* which pops a tweeting bird flapping its wings, its beak moving in time with the song. This extraordinary object – only six are known to exist – was made by the Geneva firm Freres Rochat. It sold for a record SF1.76m (£690,196).

ARTS GUIDE November 17-23

MUSIC

London

English Chamber Orchestra conducted by Daniel Barenboim. Mozart (Mon). Barbican Hall (638 8891).
Budapest Symphony Orchestra conducted by György Lehel, with Peter Frankl (piano). Bartok, Mahler (Tues). Barbican Hall (638 8891).
Orchestra of the Age of Enlightenment conducted by Sigiswald Kuijken. Haydn (Wed). Queen Elizabeth Hall (928 8800).

Paris

Katia Ricciarelli recital (Mon). Salle Gaveau (45632030).
Ensemble Orchestral de Paris conducted by Theodor Guschlbauer, with Marc Laforet (piano). Honegger, Saint-Saens, *Haydn* (Tue). Salle Pleyel (45638873).
Orchestre de Paris conducted by Semyon Bychkov, with Maria Tipo (piano). Strauss, Mozart, Schoenberg (Wed, Thur). Salle Pleyel(45630796).
Aldo Ciccolini, *piano*. Schubert, Liszt (Thur). Salle Gaveau(45632030).

Brussels

Robert Hall (bass) with Jozef Beenhouwer (piano). Schubert's Die Winterreise. Théâtre Royal de la Monnaie (Sun).
Belgian National Orchestra conducted by Georges Octors, with Andre De Groote (piano) and Dominique Cornil (piano) playing Haydn and Mozart. Palais des Beaux-Arts (Tues).
Borodin Trio plays works of Dvorak, Haydn and Tchaikovsky. Palais des Beaux-Arts (Thur).

Munich

New American Chamber Orchestra with Misha Maisky (cello). Mozart, Haydn, Paganini and Janacek (Mon). Herkulessaal der Residenz.
Munich Radio Orchestra and pianist Mitsuko Uchida, conducted by Colin Davis. Ravel, Brahms (Thur). Philharmonie im Gasteig.

Venice

Gustav Kuhn conducting Verdi's Quattro Pezzi Sacriand Mussorgsky's Pictures at an Exhibition (Sun) (5210161). Teatro la Fenice.

Milan

Riccardo Muti conducting Brahmas and Prokofiev (Mon) (80.91.26) Teatro alla Scala.
Piano recital by *Lazar Berman:* Handel, Clementi, Beethoven and Liszt (Wed). Conservatorio G. Verdi (76001755).

Vienna

Beethoven Trio. Mozart, Furrer, Rihm, Beethoven. Konzerthaus. (Mon).
Wiener Symphoniker conducted by Horst Stein. Brahms, Richard Strauss. Musikverein (Wed, Thur).

Madrid

Warsaw Philharmonic Orchestra conducted by Kazimierz Kord, Elena Bashkirova (piano). Szymanowsky, Beethoven, *Shostakovich* (Sat). Auditorio Nacional de Musica (337 01 00).
Dresden Philharmonic Orchestra conducted by Jorg-Peter Weigle. Auditorio Nacional De Musica (337 01 00)

Barcelona

Oratorio *El Pessebre* by Pau Casals, based on a poem by J. Alavedra is one of a series of concerts celebrating Catalonia's 100th anniversary. Britten: A War Requiem (Sat). Palau de la Musica Catalana (301 11 04).

New York

New York Philharmonic. Zubin Mehta conducting with Natalia Gutman (cello). Mussorgsky, Shostakovich, Dvorak (Tue). Avery Fisher Hall (874 6770).

Washington

Philadelphia Orchestra conducted by Yuri Temirkanov with Luigi Bianchi (violin). Weber, Mendelssohn, Sibelius (Mon). *Kennedy Center Concert Hall* (467 4600).
National Symphony Orchestra conducted by Rafael Fruhbeck de Burgos. Falla, R. Strauss (Thur). Kennedy Center Concert Hall (467 4600).

Chicago

Chicago Symphony Orchestra conducted by Neeme Jarvi. Part, Scriabin, Mussorgsky (Wed). Orchestra Hall (435 6666).

Tokyo

Royal Philharmonic Orchestra conducted by Vladimir Ashkenazy. Beethoven. Bunkamura, Orchard Hall (Mon) (403 8011).
Alban Berg String Quartet. Beethoven, Mozart, Schnittke. Suntory Hall (Wed) (235 1661).

FINANCIAL TIMES

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Care in the community

CARING FOR People, the UK Government's white paper on community care, represents a triumph of logic over ideology. In 1988 Sir Roy Griffiths, Mrs Thatcher's special health adviser, argued that local authorities should play the primary role in community care. The idea was deeply unpopular among Conservative ministers and the Department of Health spent a fruitless 16 months searching for alternatives. Yesterday it admitted that Sir Roy had been right all along.

The new framework for community care is potentially a considerable improvement on the status quo. Responsibility for services used to be fragmented between many different agencies: community care, as Sir Roy put it, was "everybody's distant relative, but nobody's baby." In future, responsibility will rest squarely on local social services departments. This ought to result in greater continuity of policy and fewer gaps in services.

Equally important, the Government is rationalising the financing of care. In the past, social security money could be used to pay bills in private residential homes, but not to finance domiciliary care, which is often both cheaper and more appropriate. These perverse rules led to a boom in tax-financed private residential care during a decade when ministers were attempting to promote home-based services. Social security support for residential care rose from £10m in 1979-80 to over £1bn this year – little short of a third of public support for community care.

Unified budget

Under the new arrangements, the costs of both residential and domiciliary care will be met out of a unified budget controlled by local authorities. Anybody seeking public support for either sort of care will have to undergo a "needs assessment." If the local social services department does not think residential care is warranted, cash will not be forthcoming. In theory, the financial incentives in favour of residential care will thus disappear.

The idea is that local authorities should play an "enabling" role. The care managers appointed to look after particular individuals will be expected to achieve value for money by purchasing services from a range of competing providers in the public, voluntary and private sectors. Regrettably, the playing field thus created does not appear to be level. Cash previously provided by social security offices will be available to help finance places in independent homes, but social service departments will have to meet the full costs of maintaining people in their own residential homes, including the costs of accommodation and food. Closure of some local authority homes appears inevitable.

Efficiency

The white paper may promote efficiency in the delivery of community care. But local authorities will still face formidable problems. The job of care managers will be comparable in sensitivity to that of budget-holding general practitioners. Faced with limited resources, they will not only have to locate the most cost-effective care for each individual, but weigh the relative needs of different clients, many of whom will be unable to argue their own case coherently, let alone cogently. On top of this, they will have to conduct means-tests to decide the level of fees they can reasonably charge. The tests of needs and means envisaged by the white paper are likely to be highly unpopular, particularly when most medical care remains free.

The success of the reforms will depend largely on the scale of resources committed by central government. The outlook is not encouraging. The Government is willing to transfer money from the social security budget but not to provide the new money that is urgently needed if services are to be radically improved. It has rejected Sir Roy's argument for a specific grant for community care on the grounds that local authorities must decide their own priorities. This is perhaps understandable, but earmarking of some description would bolster the position of social services directors as they fight for an adequate share of a limited cake. It is disingenuous to argue that local government should be autonomous when its ability to raise revenue is constrained by the poll tax.

El Salvador's war without end

FIGHT AND TALK has been a classic strategy where opposing sides in a conflict are seeking to strengthen their hands at the negotiating table. At first sight the nationwide offensive launched in El Salvador by the FMLN left-wing guerrilla movement seems to fit precisely into this mould.

The fighting is a direct consequence of the deadlock in negotiations to end the ten-year-old civil war. The rightist government of President Alfredo Cristiani has been stubbornly insisting that the guerrillas disarm before any political reforms are discussed. Ever suspicious, the FMLN have construed this as a tactic to avoid discussion of what they believe should lie at the heart of the talks – their full incorporation into national life.

Faced with such an impasse, the guerrillas have gone on to the offensive, taking advantage of the Bush Administration's obvious desire to disentangle itself from high-profile involvement in an unwinnable war. Even at this stage when the outcome of the fighting is still unclear, the FMLN, like the VietCong during the Tet offensive in Vietnam, have made a point very forcefully. Even if the Salvadorean armed forces now regain the initiative – as they should with their expensive firepower supplied by the US – the military has been wrong-footed.

Shattered illusion

The guerrillas have also shattered any illusion that the FMLN might have been suing for peace because they lacked the will and resources to fight. On the contrary, the uncomfortable lesson from the fighting is that direct US assistance amounting to $3.5bn, which has been pumped into El Salvador over the past decade, has failed to build up either a military machine capable of minimising the guerrilla threat or to create a democratic government sufficiently confident of negotiating an honourable end to the conflict.

During the 1980s El Salvador has received the third largest portion of US overseas aid after Israel and Egypt. Just to have held the guerrillas at bay while 70,000 people, mostly civilians, were killed does not seem like a very good investment. Moreover, yesterday's cold-blooded murder of six Jesuit priests by members of the military in San Salvador underlines yet again the scant regard for human rights consistently displayed by the main Salvadorean recipients of US largesse.

The two sides will require imagination and a spirit of reconciliation to get together again round the negotiating table after the latest bloodletting. Both the Government and the guerrillas will pretend they have emerged the stronger. Yet a realisation that there could be no outright winner was the basis of the first tentative direct negotiations over three years ago, and again provided an impetus to fresh talks after President Cristiani came to power in June. Future negotiations can only begin with a mutual recognition that each is fighting the other into the ground at the expense of a war-weary population.

US influence

The US can help in this respect because Washington still retains an important influence over El Salvador's fate, as indeed it does over the whole of the central American "backyard." So far President Bush has rightly resisted an interventionist response to events in El Salvador, as well as to the latest threats by the Sandinista Government in Nicaragua to resume fighting against the Contra rebels. The Bush Administration seems to have understood that the ideologically motivated reactions of the Reagan era to conflict in central America created more problems than they solved.

However, it is one thing for President Bush to be more pragmatic than his predecessor in the White House. It is altogether different to overcome a long standing distaste for the communist-inspired FMLN and recognise it as a real political force. So long as Washington refuses to do this, President Cristiani will be encouraged to believe he can hold out. This, in turn, will oblige the guerrillas to continue thinking in military terms, so prolonging the tragedy of civil strife.

Victor Mallet reports on Iran's efforts to recover from its war with Iraq

The harder tasks of building the peace

The honeymoon was brief. Three months after his election as President of Iran, Mr Ali Akbar Hashemi Rafsanjani finds himself in charge of a discontented people, an economy in urgent need of investment and reform, and a clerical leadership as fractious and divided as ever.

Revolutionary Islam, which performed a remarkably successful feat of crisis management during the eight-year war with Iraq, now faces the difficult task of peacetime reconstruction and administration. For the astute Mr Rafsanjani and his technocratic cabinet, the problem is not so much the criticism of his religious and left-wing opponents, or the cynicism of the wealthy, westernised Iranians of north Tehran, as the disillusionment of his traditional supporters.

The poor who voted the President into office on July 28 bitterly resent the government's inability to control rising prices or to provide the subsidised rice they should be able to buy with their ration books.

"Under the Shah's regime I wouldn't dare to talk. There is more freedom now and I'm not afraid to speak," says one Tehran artisan who welcomes the strict moral code of the Ayatollahs. "But what I complain about is the high prices. There are these hoarders, these corrupt people. During the Shah's time there was abundance. My grandfather was a labourer but he could feed all of us."

The rich bazaar merchants who helped Ayatollah Khomeini overthrow the Shah in 1979 – and who might be expected to support Mr Rafsanjani's economic liberalisation programme – have shown themselves reluctant to abandon the hefty profits they made out of the distorted post-revolutionary economy. Far from being a free market, the domestic economy has been a source of easy money for those with the right connections. The merchants' hoarding of goods in short supply, and their reluctance to lower prices in line with the falling black market value of the dollar as confidence rose earlier this year, have contributed to Mr Rafsanjani's woes. The Shah learned to his cost the price of failing to break the power of the bazaar.

Among Iran's 53m inhabitants, meanwhile, there is an increasing sense that the Shia Moslem clergy may be about to prove the incompatibility of devout religion and the sordid business of day-to-day politics. This phenomenon, long foreshadowed by Shia leaders who opposed the late Khomeini's seizure of power, is not simply a result of the clergy's failure to understand the importance of economics or petrochemicals. Power, Iranians say, has corrupted the revolutionaries as it corrupted Iranian leaders for centuries before them.

Mr Rafsanjani's civilian supporters often resent the presumption of the Revolutionary Guards and the *komitehs*, the local revolutionary cells which act as a sort of Islamic police force to oversee the morals of the Iranian people. Although there is talk of a clean-up, government offices are riddled with corruption and the *komitehs* take bribes and protection money. In exchange for dollars, for example, they will give informal permission for an engagement party with music and mixed dancing.

Corruption and profiteering are only two of the issues discussed by frustrated Iranians in the tea-shops of Tehran. President Rafsanjani is confronted with a host of social and political problems. Petty theft is on the increase because of poverty: according to one estimate, real per capita gross domestic product has fallen by half in the first decade of the revolution. Hundreds of thousands of Iranians are hooked on heroin or opium from Afghanistan.

Tehran, now home to more than 10m people and a large number of traffic jams, has become one of the most polluted cities in the world. Iran's frightening annual population growth rate of 3.9 per cent has prompted the government to import condoms and contraceptive pills and broach the subject of family planning on television. Schools operate on a shift system – some have three or even four shifts – to cope with the influx of pupils.

Unemployment is estimated at around 15 per cent, excluding the troops who have yet to return from the front and the Westernised women who have left the labour market in disgust at what they see as discrimination by male Moslem fanatics. Xenophobia, aimed largely at Afghan refugees, is evident among the poor and jobless.

Overshadowing all these different obstacles to long-term prosperity are the crippling disagreements within the government over the direction of economic policy. Mr Rafsanjani is aware of the need to make up for a 10-year backlog of investment in oil production – which accounts for nine tenths of export earnings – and other industries. He has decided to liberalise the system for allocating foreign currency, promote privatisation, and quietly encourage the participation of foreign companies where necessary. He has attempted, without much success, to lure back hundreds of thousands of skilled Iranians from exile abroad.

The merchants are reluctant to abandon the big profits of the post-revolutionary economy

But his "decade of reconstruction" has got off to a slow start. Although Mr Gholamreza Aqazadeh, the Oil Minister, insists that oil production capacity is 3.5m barrels a day and will rise to 4m b/d in two years, independent observers suggest that sustained output capacity is barely higher than Iran's Opec quota of 2.9m b/d. The rest of the industrial sector is operating at 20 to 30 per cent of its theoretical capacity. Local businessmen are not confident about the government's economic abilities and prefer to make quick trading profits rather than long-term investments, especially when the profitability of those investments will depend on the allocation of scarce raw materials and the bureaucratic whims of the authorities. Foreigners seem unlikely to invest in Iran without adequate guarantees. The privatisation of factories suggested by Mr Rafsanjani has not yet taken place.

Mr Rafsanjani is hamstrung by ideological opposition to foreign borrowing and foreign investment from the clergy and from some members of the Majlis, the Iranian parliament.

The consensus among the foreign diplomats in Tehran, however, is that Iran will need to make substantial borrowings – assuming a steady oil price – if it is to do more than pay for basic imports. Annual oil income is running at about $11bn, which is more than accounted for by imports of food, consumer goods, industrial products and defence equipment, and by spending on services. Without more credit, bankers and businessmen believe, Iran's foreign exchange and import liberalisation will simply run down the country's $6bn of reserves to the benefit of the currency speculators in the bazaar, without strengthening the economy for the future.

Mr Rafsanjani, in defiance of those who think that a multiple exchange rate is a recipe for abuse, seems convinced that the new three-tier system will be a success, partly because the central bank should be able to gather in excess rials and thereby control the money supply and the 60 per cent inflation rate as it sells foreign exchange. Essential imports are subsidised by calculating their cost on the official rate of some 70 rials to the dollar, while other trade uses rates of around 420 and 1,000 rials. "In this way I think there will be an economic boom," the President told a recent news conference.

Mr Alinaghi Khamooshi, President of the Iran Chamber of Commerce, Industries and Mines, is another of Tehran's rare optimists. He does not think reserves will be unduly depleted by the new system. "The idea of this is that all three rates should be controlled by the central bank," he explains. "They start with three different rates, but little by little they go towards two rates – in maybe a year or two – then they increase industrial capacity use, find out what the real exchange rate should be and then maybe devalue the rial and have one rate."

Others are not so sure that the 55-year-old Mr Rafsanjani knows where he is going, in industry, agriculture or the bazaar. "The expectations for Rafsanjani were big," says one Western diplomat. "He's only been President for three months but the first disappointments are already being felt."

Mr Rafsanjani is hamstrung by the clergy's ideological opposition to foreign investment

In the poorer parts of south Tehran the mood is already one of frustration – that Mr Rafsanjani has not curbed the profiteers, improved the rationing system, or done anything about the housing shortage. Family ties have become a safety net for those who cannot make ends meet. "For three days we eat in our own home," says one workshop foreman, "and for the others we parachute into the homes of our relatives." Married with two children, he pays two thirds of his 60,000 rial salary on rent for two rooms. "Those who have capital are living well," he says. "Workers are badly off. But worse off than us are government employees."

Iran has a reputation for paying its debts and would not face many financial objections if it wanted to borrow, although lenders are concerned about political instability and the possibility of hasty policy changes. It has negligible long-term foreign debt of about $500m, while short-term obligations are around $5bn. Whatever the ideological constraints, foreign credit is already establishing itself as part of the Iranian economic system. Iran often pays for its imports on a deferred basis of 360 days, and is said to be asking for 720 days for some major projects, while Iran's customers frequently pay for Iranian oil in advance and profit from the discount built into the transaction.

With Japan and West Germany as its major trading partners – and a recent economic co-operation agreement with Moscow under its belt – Iran has diversified its trade relations with the outside world following the post-revolutionary rift with the US. But those relations are occasionally threatened by Tehran's erratic foreign policy. Tehran cut diplomatic ties with Britain over Mr Salman Rushdie's novel The Satanic Verses and although there are no trade sanctions, individual Iranian officials have occasionally succeeded in blocking British imports. Turkey and then France have come under fire because of their opposition to Moslem dress for women in their educational institutions.

Iran has yet to learn that the world is largely indifferent to the precepts of the Imam who now lies in his marble grave at the Behesht-e Zahra cemetery. What foreigners really want to find out is whether the increasingly outspoken Ayatollah Ali Khamenei, Khomeini's successor as spiritual leader, will put his weight behind Mr Rafsanjani or sabotage his reforms.

There are already signs that the business of running a large country with a complex, hydrocarbon-based economy and an independent-minded population has begun to sap the Iranian clergy of some of their early revolutionary fervour. Some call them cynics, others – pointing to the relaxation of petty regulations and the blending of Khomeini's unpopular pan-Islamic theories with the more acceptable theme of Iranian nationalism – say they are learning from their mistakes. Whichever interpretation is correct, if Mr Rafsanjani's gamble for economic revival does not succeed, he and his religious colleagues may wish they had never taken up so completely the burden of political power.

Manual for a Trabi

■ Claims that East Germany's tiny, two-stroke Trabant should be named Car of the Year are mounting, so here is a bit of background.

Long treated as a joke in the West, the Trabi – as it is affectionately known in the East – has become an everyday sight in West Berlin and on West German roads. Visiting East German families are jammed into the fibre glass vehicle which sounds like a motor scooter and leaves behind a plume of noxious fumes. Drivers clutch the wheel of the car which is notoriously skittish and is forever losing parts.

All this can be had for 12,000 East German Marks and a 13 – to 15-year waiting period in the German Democratic Republic. A year-old used Trabi costs more than a new one. The Trabant (meaning "satellite") has been in production for 31 years and is little changed. The manual for Trabant owners advises drivers to stop when there is an awful "racket up front", as it is probably the dynamo which has come loose. Owners are advised to tighten such vital parts regularly.

This year 146,000 Trabis will be produced, and by 1993 output will rise to 175,000. But this is a drop in the bucket and East Germany has announced plans to import 100,000 used cars from the West in a bid to win the hearts of disaffected citizens.

Trabi owners who drive the car to the West are placing orders there for spare parts which are seldom obtainable in the East. No-one drives a Trabi in West Germany except East Germans, since it is banned from sale because of its noxious exhausts. The exodus of East Germans driving their Trabis through Hungary to the West this past summer, however, forced West Germany to make an exception to its strict emission standards.

OBSERVER

Red means blue

■ The partial takeover of the Hungarian lighting manufacturer, Tungsram, by General Electric of the US has led to a new phrase in the City: red chips.

The Dallas Index

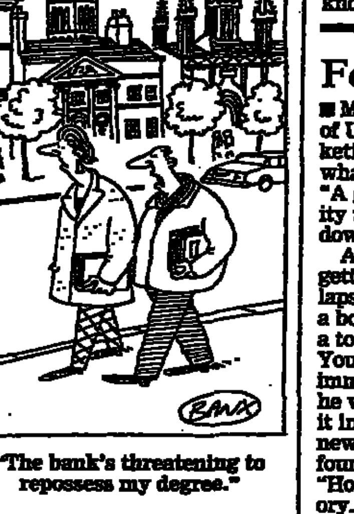
■ Whatever happened to the economics journalists? The annual Amex Bank Review awards are made for them: a first prize of $25,000 for an essay of not more than 5,000 words on "any subject in international economics of current relevance to financial markets". Yet this year the academics have won hands down.

First prize has gone to John H Makin, a resident scholar and Director of Fiscal Policy Studies at the American Enterprise Institute for Public Policy, for what seems to us a thoroughly conventional essay arguing against managed trade: sentiments admirable, exposition banal.

There is, however, rather a good essay by Robert Feinberg of the American University in Washington about the influence of exchange rate fluctuations on US prices. Feinberg draws attention to an exchange rate index previously unknown to us. It comes from the Federal Reserve Bank of Dallas and covers 101 currencies.

The US authorities tend to rely on a much narrower index from the Federal Reserve Board. The Fed's index assigns 77 per cent of its weight to eight European countries, nine per cent to Canada and 14 per cent to Japan, and is not regularly updated.

The two indexes give totally different readings of the appreciation or depreciation of the dollar. For example, from a low point at the end of the 1970s to a peak in the mid-1980s, the Fed index says that the dollar went up by 59 per cent; the Dallas index says 38 per cent.



"The bank's threatening to repossess my degree."

Feinberg concludes that the Dallas index suggests that average US competitiveness is somewhat worse than indicated by the Fed. I liked his essay because it told me something new. He has at least been given a special merit award of $2,000.

Cotswold Wall

■ Checkpoint Cheltenham, the Espionage Centre due to open as a museum next May, is trying to buy Checkpoint Charlie, the best known crossing point at the Berlin Wall until the travel restrictions were lifted.

Peter Rollins, the very Welsh-sounding, German-speaking director of the museum, says that he was not making much progress by going through the British Council (he has now been given better numbers to ring) and that he has an acquisitions budget of only £50,000.

Still, many of the exhibits have come from donations and he thinks the East Germans are worth trying. The museum will open, as a tourist attraction for Cheltenham, close to the British Government's communications centre, otherwise known as GCHQ.

Forgetful

■ Michael Angus, chairman of Unilever, talked to the Marketing Society this week about what makes a good manager: "A good memory, and an ability to read letters upside down."

Angus confessed he had been getting worried about his own lapses of memory. So when a book club member offered a tome on "How To Improve Your Memory", he sent for it immediately. When it arrived, he went to his bookcase to put it into a section reserved for new, unread books. There he found another book entitled "How To Improve Your Memory."

Roman Saatchis

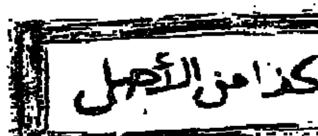
■ Saatchi & Saatchi may have passed its peak as far as political advertising is concerned in Britain, but there is hope in Italy. The company has been taken on by the Republican Party, which polled only 3.7 per cent of the vote in the last national elections but is rather more influential than the numbers suggest.

Market research suggests, however, that its image is too élitist, so Saatchi & Saatchi is to run a billion lire campaign to seek wider appeal.

Asked about the past association with Margaret Thatcher, Giorgio La Malfa, the party leader, said that Saatchi's success in downplaying some of her personality traits and stressing others proved its competence.

Regional

■ One of the items on the menu of a Birmingham café last weekend was "Spaghetti Midlandaise".



POLITICS TODAY

The outsider at the dinner party

By Joe Rogaly

Take a look at the map: if Berlin becomes the most important capital in a Europe that reaches across Poland, Britain is instantly seen to be peripheral, rather like Norway and Sweden. It is very difficult for many of the older generation of British politicians to grasp the significance of this.

I doubt if the British Prime Minister ever will. She is too much of an English patriot for that. In any event her own personal experience in office points the other way. The world held its breath while she directed an expeditionary force to liberate the Falklands. At Commonwealth conferences Britain remains the focal point. She it was who first discovered the potential in Mr Mikhail Gorbachev, even before he rose to the top in Moscow. Her political love-affair with President Ronald Reagan gave her, and him, a global visibility that for a while dazzled TV viewers everywhere.

Downing Street, a convenient half-way point between the US and the Soviet Union, has taken a great many messages and passed on a large number of inter-superpower telephone calls. The collapse of communism in Europe has coincided with the best years of Hayekian-based Thatcherism in Britain: the Conservatives have therefore been able to claim that it was their leader, with her indomitable fortitude, who inspired the east European march for freedom.

This picture of the 1980s is not wholly wrong, even though the casting aside of Stalinist socialism would presumably have come about if the present Conservative Government had never existed. The very least that can be said is that if the British Prime Minister held rather a duff hand — for Britain's economy comes fourth in Europe, after Italy's — she played the cards she had very well.

That game is now over, the hand exposed. The 1990s will be quite different. We can forget about the Commonwealth. The Falklands campaign is history. Mr Reagan is out of the White House; President Bush appears to regard Chancellor Kohl of West Germany as the key man in Europe. As Mr John Major discovered in Washington during his brief sojourn as Foreign Secretary, the US wants Britain to become a willing participant in the evolution of the EC; by all accounts this desire has been strengthened by the prospect of a possibly reunified Germany moving the centre of power to Middle Europe. The autumn statement delivered on Wednesday by Mr Major in his new role as Chancellor further weakens Mrs Thatcher's position, since it is now much more difficult for her to assert that there has been an "economic miracle." The truth is that Britain will enter the 1990s in the grip of a recession or something close to it.

The choice is now clear. The United Kingdom can become an outsider, really on the periphery, or it can play the hand the way France, West Germany and most of the other EC countries will play it whether we join in or not. This means, as a first step, British entry into the exchange rate mechanism of the European Monetary system, at least for political reasons. The economic arguments against early entry may in some eyes have been strengthened by the current gloomy outlook for inflation next year but, given the will, special arrangements for sterling could be made. These are, however, details. The essence of the matter is that Britain must be seen to be a positively-minded participant in the evolving closer unity of the EC. If it is not, the perception of London as a peripheral capital will come to prevail as the century draws to a close.

Mrs Thatcher does not see matters this way. She believes that West German doubts about monetary union and a single European bank and currency will grow, so that those particular forms of European unity, to which she is deeply opposed, will not materialise. Federalism and Brussels bureaucracy will be kept at bay. The natural corollary, from her point of view, is to spin things out. This might help in debates with the other 11 members of the EC. If it succeeds, it could also help at home, where divisions over Britain's role in Europe remain the most damaging potential threat to the cohesion of the Conservatives.

The strong probability, however, is that the French and perhaps even the Germans will not allow us to spin things out. We shall see. The first test comes almost immediately, at the dinner party being given by President Mitterrand of France in Paris tomorrow night. The Prime Minister does not expect much to emerge from this.

She is going along, of course, because all the other European Community heads of government will be there — and, anyway, the table-talk, which will be about the breathtaking pace of events in eastern Europe, is not to be missed. There is, however, nothing formal or structured about the occasion. As far as I can tell no papers have been circulated in advance. There was no concrete proposal for Mrs Thatcher to report to yesterday morning's Cabinet meeting. I suspect that if she was asked about it as ministers assembled she would have pointed out that dinner is supposed to start at eight, with going-home carriages called for 10.30 pm. She might have added that the guests are all voluble, and interpreters will be required. The British anticipate a brief and probably inadequate general discussion, full stop. Mr Mitterrand will presumably make a statement to the press, but Downing Street would be amazed if any EC communiqué was presented or agreed.

One useful product of the dinner could be that a start could be made on drafting an EC note to be sent to Moscow and Washington in advance of the Bush-Gorbachev meeting in Malta in a fortnight's time. If this comes up the British Prime Minister will stress that Mr Gorbachev's position should not be undermined by talk of the reunification of Germany. "Take these changes cautiously," Mrs Thatcher will say, "one thing at a time." The first step, she will add, will be to encourage the development of genuine democracy in the several east European states.

As to defence, it is recognised in London, not least by the Leader of the Opposition, Mr Neil Kinnock, that it will now be virtually impossible to persuade the West Germans to accept the modernised Lance short-range missile. At what targets will they be pointed? Warsaw? East Berlin? Budapest? Mr Kinnock's desire to negotiate away Britain's nuclear weapons may no longer be an electoral liability. This has not changed the Prime Minister, who is not yet ready to abandon what she insists is a clear Nato commitment to modernisation. She still places some hope in hints she has received from Mr Gorbachev that if she will not accept an abandonment of short-range weapons in Europe (the "third zero") there could be an agreement on equal ceilings above zero. I regard this as a forlorn longing for the dwindling certainties of a flexible nuclear arsenal whose rationale is slipping away; the Prime Minister may yet come to find that the appearance of clinging unnecessarily to the Lance is not a vote-winner. But these are domestic political preoccupations. Defence may not even crop up on whatever agenda is scribbled on the back of Mr Mitterrand's menu tomorrow night.

Over the weekend we shall see whether this minimalist view of Saturday night's great European feast is held in London is the strong suspicion that Mr Mitterrand wants to get East-talk out of the way now, so that it does not clutter up the proper European summit which is to be held in Strasbourg a week after the two superpowers meet in Malta. Mrs Thatcher, whose opinions usually need no interpreter, will tell the table that what is happening in East Germany, Poland, Hungary and now even Czechoslovakia cannot be disposed of at a single dinner-party. There will be a call for a fuller and more considered discussion at Strasbourg.

If the French President lacks a draft agenda for such a debate I am certain that the British will be happy to provide one. The principal heading would be something about creating a new framework for relationships between the EC and Eastern Europe. Mrs Thatcher trailed her instincts on this in her Guildhall speech on Monday night, although her reference to new forms of "association" was interpreted by some as meaning only an association agreement like the one between the EC and Turkey.

She was in fact simply throwing out ideas. Plenty are floating around her. Should the new eastern democracies join the Council of Europe? The European Free Trade Association? Should East Germany become a full member of the EC in its own right? The way in which the Prime Minister works is now familiar. She is likely to make pointed remarks, aimed in the direction of the Foreign Office, about how a contribution is awaited from that quarter. The new Foreign Secretary, Mr Douglas Hurd, is well equipped to respond, but you can be sure that he will do so in his own time.

It is possible that Mr Kohl, too, will want more discussion of the East at Strasbourg, although he may be open to the charge that that would be a tactic to postpone matters until after the West German election next November. It is obvious that Mrs Thatcher wants to delay consideration of Stages 2 and 3 of Mr Delors' recommended progress towards EC integration, yet two points in her favour should be noted. First, she will accept, as she must, the majority vote in favour of an inter-governmental conference. Second, her excitement about developments in eastern Europe is not feigned. Downing Street is as awe-struck as anyone else by the momentous nature of the changes in East Germany, which are perhaps more stirring than anything that has happened since 1945. What it seems unable to do is read the map that is being unrolled.

LOMBARD

Disaster on a time fuse

By Christian Tyler

THE IMMEDIATE reaction to a serious accident like the Clapham train crash is to set up a disaster fund and arrange special counselling for the bereaved. Only later, if ever, is the question of legal liability brought to court.

But when an accident brings delayed death — death at the the end of a fuse, as it were — then the victims or their relatives are forced to seek compensation through the courts by proving a causal connection and someone's negligence.

A particularly terrible example of a fatal accident with a delayed death sentence was discussed in Westminster again on Tuesday. The accident in question has killed over 100 innocent people already and will kill another 1,000 in the next few years. Not only are its victims entirely innocent but their premature death is virtually inevitable. What is more, they have been unwittingly sentenced by the very service that was set up to care for the British public: the state-run National Health Service.

The victims are the estimated 1,200 haemophilia sufferers, a quarter of the total in Britain, who were accidentally infected with the AIDS virus through transfusions of a blood-clotting agent, Factor 8.

The moral case for quick and substantial out-of-court compensation, regardless of liability, would seem to be overwhelming. The sufferers are a relatively small number of easily identifiable people. Their haemophilia means they have already lived their lives with pain and probably some loss of mobility due to bleeding into the joints, which has interfered with their education, their careers, their earning potential and their enjoyment of life.

Most of those infected with the virus have been understandably very reluctant to make the kind of public commotion that accompanies other disasters. The stress of having to come to terms with an early death, and the fear of social ostracism or worse can only be imagined.

Yet so far the Government has given no hint that it is prepared to pre-empt the compensation suit lodged by 600 of those infected (mainly people who qualify for legal aid). The full hearing is due to begin in February and is expected to last 18 months. Publicly at least, the Prime Minister and her juniors refer only to the £10m welfare fund, the Macfarlane Trust, belatedly set up two years ago to make *ad hoc* payments for the usual kind of *domestic needs — but only to* those who apply and qualify. The fund represents alleviation, not compensation; and even if the Government now tops up the money, the victims will be advised to pursue their claim. They feel reduced and degraded by welfare handouts.

The Government should also feel a strong legal — not to mention political — incentive to pay *ex gratia* to all victims or their survivors something like the compensation (about £166,000 per head) that will be claimed.

By settling out of court, min*isters can avoid admitting the* health service's liability. But if they allow the hearing to go ahead and lose the case, lawyers say the result could be a revolutionary and expensive precedent for future claims against the health authorities and the drug-vetting Committee on Safety of Medicines. The whole relationship between the NHS and patients might be changed for the worse. And, if the Government were to win the case, it would pay a very high price in terms of public sympathy.

Settlement now would demonstrate to those awaiting death that they were not being marginalised by some legal technicality. It would take a weight off the minds of families. It would reduce the stress on the victims, whose immunity to disease is further weakened by worry. It would ease the consciences of the unfortunate doctors who prescribed the poisoned Factor 8 in the first place.

It is impossible to believe that ministers will not, despite their niggardly utterances, edge towards a generous payment of real compensation to the victims of this cruel and unusual accident: the equivalent, if you think about it, of half a dozen air crashes.

LETTERS

'Just losing interest'

From Professor Mike Faber.

Sir, Commenting on the fresh round of provisions announced by some leading clearing banks last week, your leader (November 10) states: "It is hard to believe that Lloyds will receive only 15 per cent of the principal of its outstanding medium and longer term loans to these countries."

Quite so — if only because it is hardly in the interest of such countries to repudiate or to trigger the calling of defaults when there are other alternatives available.

But your comment conveys an artificial view of the purpose of bank provisioning. Of the present value of a 20-year loan in conditions where the average interest rate is 10 per cent, one-sixth should be ascribed to the eventual repayment of the principal, and five-sixths to the value of the anticipated stream of interest receipts. If the maturity is longer, or the interest rate goes up, the proportion ascribable to the principal repayment goes down. So it is against the prospect of not receiving interest (or against the likelihood of the bank deciding to convert or sell its loans at a loss) that the appropriate level of provisioning should theoretically be assessed.

This was Sir Kit McMahon's point, in his Lombard Association speech of April 1988, when he said: "A bank's provisions, *therefore*, are a reflection of the need to set aside non-interest bearing capital — indeed, capital undistributable to the shareholders — to be used to support the funding cost un-remunerated from time to time by this group of sovereign debtors" — even if the Inland Revenue does not at present seem sympathetic to the practical implications of this view.

It is also the perception behind the witticism credited to the Bank of England's Mr Brian Quinn: "Countries don't go broke; banks just lose interest."

Mike Faber,
The Institute of Development Studies,
University of Sussex, Brighton

Bank on Japan

From Mr A.R.D. Monro-Davies.

Sir, Your article on Japanese banks (November 6) suggests that Western banks are more efficient in terms of costs and bad debt control. Japan does produce spectacular busts (Sanko Steamship resulted in a $5bn loss, the world's largest bankruptcy), but loan losses are generally far lower than for most other countries' banks; *certainly the UK's.*

This does not necessarily indicate that they are more conservative (Japanese banks are far more wholesale in nature than UK banks), but they do not suffer from high credit losses. Likewise, on what basis can Stefan Wagstyl argue that Japanese banks are less efficient?

Dai-Ichi Kangyo Bank, the world's largest, has $380bn assets, $1.4bn net profits and 19,000 employees. Barclays has $190bn assets, $1.6bn net profits and 118,000 employees. Even with somewhat different banking structures, it is certainly *not evident that, overall,* Japanese banks are less efficient.

Mr Wagstyl mentions Japanese banks' enormous advantages in accessing cheap capital, but ignores their hidden reserves — a vital component. Not only do they benefit from very high multiples, but their large equity holdings provide a ready source of capital/earnings. At year-end March 1989, the city and long term credit banks' hidden reserves totalled $340bn — more than the capital of all the rest of the world's banks. (UK banks' total market capitalisation is about $35bn.)

With a stable stock market, they have the muscle to move into any market and provide formidable competition. But by supporting the dollar, Japanese institutions are rumoured to have lost close to $100bn; should we be worried by the threat of such benevolent competition if it now moves to high risk business? A few billion dollars of property lending in New England and Docklands may slow down Japanese bank expansion more than any political or regulatory measures.

Robin Monro-Davies,
IBCA Banking Analysis,
2 Eldon Street, EC2

Nuclear power

From Professor C. Robinson.

Sir, You have consistently supported *those commentators* who have criticised the UK Government's electricity privatisation plan on the grounds that it established a duopoly in generation, and tried to continue a nuclear power programme in the private sector.

But your leader ("False starts in nuclear power," November 13) is as unhelpful as the Government policy you rightly criticise.

You say there is a "...respectable strategic argument" for nuclear power, and that the Government's "...nuclear commitment was strategic rather than commercial." Such phrases could have been lifted directly from any of the Government policy statements designed to justify the indiscriminate and costly support given both to coal and to nuclear power during the last 20 or 30 years.

What is a "strategic" reason? You appear to confuse two ideas: first, that protection for an energy source is justifiable if it provides short term security of supply; second, that it may be justified if it safeguards against long run energy price increases.

Neither case can be made *for* nuclear power as we have known it so far in England and Wales. It has not been secure: construction delays and operating problems have meant that other primary fuel sources have had to be substituted for it. Nor is there reason to believe that an energy source which has not been available when needed, and the costs of which have risen so sharply, can protect against long term price increases in other fuels.

To say that "...fossil fuels are a depleting resource and prices are bound to be volatile" is meaningless to a policy-maker. There is no necessary reason why the prices of a particular depleting resource should rise in real terms; the opposite is more likely. And price volatility has nothing to do with whether a resource is or is not exhaustible.

It is easy to plead "strategic" reasons, embarking on expensive support programmes whose primary impact is enhancement of the market power of those industries they protect. Exploitation of that power means that the community gets insecurity, not security — and instead of facing possible future price increases, increases occur right away.

Colin Robinson,
Department of Economics,
University of Surrey

Dumped into problems

From Professor D. Greenaway.

Sir, "Dumping" is one of the *most frequently used* arguments for protection. It arises with almost monotonous regularity. When it comes to identifying alleged dumping, things become more complicated. And if you go a stage further in trying to ascertain the circumstances under which dumping is against the social interest, you have to work pretty hard.

What it tends to come down to is the old claim that dumping is a danger because once the local producers are driven to the wall, the foreign predator is then in a position to exploit its monopoly power.

Here one points out to students that even if local producers leave the market, because it remains contestable foreign suppliers will be unable to exploit monopoly power; any attempt to do so will attract new entrants to the market. One recent response to this is that in certain industries, particularly those which are "human capital knowledge intensive," the re-investment may not occur because the skills required no longer exist.

To get this far you have had to work really very hard. But effort is worthwhile: it helps to clarify not only what a slippery concept dumping is in practice, but also the extent to which it is abused.

Your article, "Knitwear quotas in US fail to stop dumping" (November 3), reveals a new and quite unexpected twist. Despite being protected by Multi Fibre Agreement quotas, the US Knitwear and Sportswear Association is claiming injury through "dumping."

This suggestion seems bizarre. The market share of importers is limited — limited, moreover, on a source-specific basis. What possible incentive is there to dump? They sacrifice any excess profits they earn, without the prospect of increased market share. These are hardly the pre-requisites to predatory dumping.

I have tried unsuccessfully to come up with an incentive structure which might explain this extraordinary behaviour — dumping behind quota restraints. As the International Trade Commission has initiated a full scale investigation, by the Commerce Department, I guess it must be having the same problem, and look forward to its report with interest. At least I shall be able to give my students a new twist on an old theme.

David Greenaway,
Department of Economics,
The University of Nottingham

FINANCIAL TIMES
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UPHEAVAL IN EASTERN EUROPE

US seeks closer links with EC to counter instability

By Peter Riddell and Lionel Barber in Washington

THE US would like closer and more formal links with the European Community to strengthen allied co-operation at a time of rapid change in Eastern Europe.

President George Bush and his close advisers are consulting closely with European leaders ahead of the meeting off Malta in two weeks with President Mikhail Gorbachev of the Soviet Union. Mr Bush is also due to meet allied leaders in Brussels afterwards.

US officials believe that on a longer-term basis it is desirable to strengthen and solidify US-EC links because changes in Eastern Europe create instability not only for the Soviet bloc but also for the Western alliance.

A senior State Department official said the Administration was not seeking "a 13th seat at the table (of the EC), but in a subtle way wanted to ensure that the EC has an Atlantic western foundation."

Consequently the idea is being floated of some kind of institutional arrangement between Washington and Brussels, to complement existing discussions within Nato. This is presented as a dialogue between equal sovereign powers because the US has "to be very careful not to sound as though it is creating a new European order."

There is an overlapping process both of the EC developing a wider political remit, in relation to Eastern Europe, and of Nato taking on new missions such as regional conflicts and missile proliferation outside Europe.

This initiative is part of the evolving effort within the US Administration to respond to the unexpectedly rapid rate of change in Eastern Europe and to define what is meant by President Bush's theme of "Beyond Containment." By this he means the shift from the Cold War approach of containing the Soviet Union, a task largely performed by Nato.

The suggestion of closer US-EC links is also meant as a reassurance to European countries concerned about an eastward shift in West German priorities and eventual German reunification. US officials say that a guiding principle in the process of EC integration is anchoring the Federal Republic in Western democratic values.

The Bush Administration's desire for a continuing voice in the European debate about its future also reflects concern about a possible revival of isolationism, both on the left and right, as a result of the apparent decline in the Soviet threat and of the greater economic strength of the West Europeans themselves.

President Bush has repeatedly sought to offer the reassurance that any decisions either about the level of US forces in Europe or about broader relations with the Soviet bloc will only be taken after close consultation with the allies.

Mr Thomas Niles, the US Ambassador to the EC, said yesterday that in the light of the latest upheaval in East Germany "what we need to do now is maintain this relation, our unique ties."

He also welcomed the co-operative European approach reflected in this weekend's meeting of Community leaders in Paris and praised the efforts by the European Commission in co-ordinating Western aid for Poland and Hungary.

He argued that the notion that the Nato alliance would not be needed as East-West tensions eased was "a very dangerous concept." But that would not rule out changes in its role in the future.

Prospect of early UK entry to EMS fades

By Philip Stephens, Political Editor, in London

THE PROSPECT that Mrs Margaret Thatcher, the British Prime Minister, will seek full UK membership of the European Monetary System before the next general election is thought to have receded further in the wake of the Treasury's latest economic forecasts.

Ministers believe that the relatively pessimistic projections for inflation and the trade gap in the Autumn Statement will reinforce the Prime Minister's reluctance to take sterling into the EMS exchange rate mechanism.

Mr John Major, the Chancellor, forecast in the Statement that the annual inflation rate *would fall* only gradually next year, remaining close to 6 per cent in the final three months of 1990.

In parallel, the Treasury expects the current account deficit in 1990 to be £15bn ($23.7bn) – significantly below this year's £20bn but still accounting for about three per cent of national income which compare with an expected average inflation rate in the EC of around 4 per cent or less by the end of next year. West Germany's current account surplus is likely to stand at well over 5 per cent of its national income.

Ministers in favour of early EMS membership said they would still expect a serious review of the position later next year, with some senior cabinet members likely to press for participation.

Their case is expected to be strengthened this weekend by a warning from Mr Karl Otto Pöhl, the president of the West German Bundesbank, that Britain may be left behind as other European Community nations intensify cooperation.

In a Channel 4 television programme to be broadcast tomorrow evening, Mr Pöhl says that there is "a great risk" that other members of the EMS may decide "to go forward without Britain if Britain does not participate."

Some ministers believe that Mr Major's forecasts may turn out to be deliberately cautious, although it is understood that the new Chancellor made only minor adjustments to the figures already approved by Mr Nigel Lawson, his predecessor.

They conceded, however, that if the projections prove roughly accurate, Mrs Thatcher will have a strong case for arguing that the conditions for British participation agreed at last June's Madrid summit have not been met.

Those conditions, which include action by other Community governments to dismantle capital controls and to achieve further progress in the creation of the single market, stressed that Britain's inflation rate would have to be much closer to the EC average.

If a decision was delayed beyond next year, the view is that membership would be impossible before the general election expected in the autumn of 1991 or the spring of 1992.

Striking South Africa Transport workers march through the streets of Germiston after a clash that left policemen and protesters injured. Meanwhile, in Johannesburg, the Government announced plans to end segregation of recreational facilities, with all beaches affected immediately. Page 7

IBM admits that it sold used computer equipment as new

By Roderick Oram in New York

INTERNATIONAL Business Machines (IBM) said yesterday it had sold used computer equipment as new and miscertified foreign products as American-made to fill some US Government contracts in recent years.

Both problems are being investigated by the General Services Administration, the federal government's watchdog agency, Mr Edward Hefferon, an assistant inspector-general of the GSA, told a congressional committee yesterday.

"It appears that IBM has violated the terms of its contracts with the government and may have violated federal law. There has been potentially significant economic harm to the taxpayers," he said.

IBM's acknowledgement of the problems came only days after Boeing, another pillar of the US business community, pleaded guilty to using stolen Defence Department documents. The aerospace group is to pay $5.2m in fines and restitution.

Yesterday's announcement by IBM, the world's largest computer maker, was tinged red with anger. It said its reputation was "built on the quality of IBM products and service, and on the high standards of business conduct by our employees. IBM is angered by efforts to impugn, without evidence, that reputation."

The incidents came to light in a Congressional investigation of the US Navy's long-standing practice of awarding the vast bulk of its data-processing equipment contracts to IBM. An IBM spokesman said that IBM's competitors are dredging up minor and irrelevant glitches after failing to prove the Navy is biased.

Both cases had resulted from "administrative errors and not by any intent to deceive the government," IBM stated. After uncovering the problems in internal audits, the company had brought the used-for-new issue to the government's attention in February 1987, and the country of origin issue in February 1988.

The government could levy a range of sanctions from fines and restitution to temporarily barring IBM from contract competitions, analysts said.

The investigation has yet to reveal the scope of the problems but it extends beyond Navy contracts and might apply to some $700m to $800m of business a year, the GSA said.

IBM said it filled less than 2 per cent of the value of contracts with used equipment. "The systems involved were inspected, tested and reconditioned, as necessary, and warranted the same as new systems, and their performance is comparable to newly manufactured products."

Brazilian election run-off still undecided

By Ivo Dawnay in Brasilia

THE CRUCIAL battle to compete in the second round of Brazil's presidential election was still undecided yesterday as an incomplete count showed two left-wing candidates running neck and neck.

Early returns put Mr Fernando Collor de Mello, a centre-right former state governor, through to the December 17 run-off with about 24 per cent of the vote.

Analysts said it was certain he would not get the 50 per cent necessary to win the presidency outright in the first round. But, almost 24 hours after polls closed on Wednesday night, it was still unclear whether he would face Mr Leonel Brizola, a veteran socialist and former governor of Rio de Janeiro state, or Mr Luís Inácio da Silva (known as Lula), former trade union militant running for the Workers' Party.

Official figures in the afternoon showed both with between 17 per cent and 19 per cent.

Markets reacted nervously, with stockbrokers reporting that the possibility of Lula, as he is known, competing in the two-candidate final round had driven down São Paulo's Bovespa stock market index down 3.8 per cent to 1,086 points, and sent the black market dollar up 17 per cent.

The electoral authorities expect a preliminary result today, or within 48 hours of the polls closing.

The election was the first direct vote for the presidency since 1960 and set the seal on Brazil's return to democracy after the military rule of 1964 to 1985. "Today we completed the democratic transition," President Jose Sarney said after the vote.

The poll took place with the nation in festive mood despite economic crisis.

Profiles, Page 6

US trade deficit narrows to lowest level for five years

By Anthony Harris in Washington

THE US trade deficit narrowed sharply in September to $7.9bn, the lowest figure for five years, the Commerce Department reported yesterday. At the same time the August deficit, orginally reported as $10.8bn, was revised down to $10.1 bn.

The improvement, which owes a great deal to the manufacturing slowdown in the US which has cut shipments of materials and capital equipment, and to the timing of aircraft deliveries, was greeted with reserve by the Administration.

Mr Robert Mosbacher, the Commerce Secretary, described it as "moderate" and "about in line with our forecasts of a $110bn-$115bn deficit for this year."

Treasury Under-Secretary David Mulford told the Senate banking Committee that further progress would at best be slow, while there might be some deterioration in the balance in 1990.

The figures were some $1bn better than the consensus market forecast, but there was little reaction to the announcement in either the currency or the securities markets.

The underlying trends show a slowing of growth on both sides of the merchandise account. In the first nine months of this year exports were 14.5 per cent above the same period in 1988; last year the improvement was 29.1 per cent over 1987. Growth through the year has slowed further, showing an annual rate of 8.5 per cent since January.

On the import side, shipments in the first nine months are 8.2 per cent up, compared with 9.1 per cent in the previous year, but growth since January has been at an annual rate of less than 1 per cent.

There was a recovery of $800m in aircraft exports, which more than accounts for the whole export growth. This sector, which is always erratic, has been distorted this year by technical difficulties with the Boeing 747-400, which delayed delivery of a substantial order book until the final months of the year. Some setback on this account is in prospect, because Boeing is suffering an industrial dispute.

On the import side the most striking feature of the figures is the standstill in car imports, year on year, after a long period in which the growth of car imports was resposible for much of the deterioration in the US trade account.

Bid to boost freight rates

Continued from Page 1

The Transpacific Stabilisation Agreement (TSA) took effect in March after being approved by the US Federal Maritime Commission.

Under the TSA, the 13 main lines on the Pacific routes each agreed to reduce capacity by 10 per cent and to work together to increase freight rates.

The FMC ruled that the agreement was legal under the 1984 US Shipping Act, which governs maritime trade with the US. However, such an agreement might not be legal under EC competition law.

At the end of last year, there were 245 ships operating between Japan and North America, accounting for 28 per cent of world container carrying capacity.

There were 226 ships in the trade between Japan and Europe, accounting for just under 22 per cent.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	18	64	Dubrovnik	S	13	55	Malta	F	21	70	Rhodes	S	17	63
Algiers	R	17	63	Edinburgh	S	10	50	Manchester	S	9	48	Rio de J'o	C	31	88
Amsterdam	S	7	45	Faro	F	20	68	Manila	F	32	90	Rome	F	14	57
Athens	S	18	64	Florence	S	14	57	Melbourne		–	–	Salzburg	S	6	43
Bahrain	S	31	88	Frankfurt	F	7	45	Mexico City	F	25	77	San Francisco	F	9	48
Bangkok	C	33	91	Funchal	F	21	70	Miami	S	24	75	Seoul	S	11	52
Barcelona	R	13	55	Geneva	C	5	41	Milan	S	11	52	Singapore	F	29	84
Beirut		–	–	Gibraltar	F	19	66	Montreal	F	17	63	Stockholm	S	3	37
Belfast	F	10	50	Glasgow	S	10	50	Moscow	C	-1	30	Strasbourg	S	6	43
Belgrade	R	4	39	Guernsey	S	9	48	Munich	F	6	41	Sydney		–	–

Volvo chief names heir apparent

Continued from Page 1

There has been intense speculation recently that Mr Gyllenhammar is keen to find suitable European partners for Volvo, building up a large automotive conglomerate capable of meeting the challenge of 1992. At present discussions are going on with the French company Renault on close co-operation, and Mr Gyllenhammar said yesterday that Volvo was waiting for a decision from the Spanish government on its attempt to purchase the truck company Enasa.

Observers believe that Mr Gyllenhammar is laying the foundations for the company's wider European future in the 1990s. His long reign at Volvo has made the company one of the most profitable and successful in the Nordic region.

Under his direction Volvo has managed to combine a relatively sound entrepreneurial approach but with a concern for environmental questions as well as humane work organisation.

Mr Zetterburg's business experience has not been in the automotive industry but mainly in the forestry sector. A graduate of Lund University, Mr Zetterburg worked in the cellular division of Sweden's major paper company Svenska Cellulosa, ending up as its head.

Yesterday Volvo announced strong results for the first nine months with an increase in profits (after financial items) to SKr6.17bn ($961m) from SKr5.44bn for the same period of 1988.

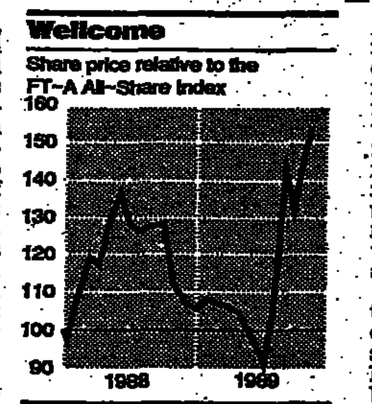
THE LEX COLUMN

Utilities turn on the tap

Is it just a happy coincidence, or have British Telecom and British Gas finally been goaded into taking their shareholders more seriously by the imminent flotation of water? All of a sudden, and with no good reason, British Gas has decided to pay out a far bigger chunk of its earnings, while BT has found a way of making this year's earnings grow more than twice as fast as otherwise. It is not the kind of action which is going to make next week's pricing of the water float any easier.

The more than 3 per cent jump in both company's share prices yesterday reflected the market's new-found admiration for Britain's two biggest and most boring publicly quoted utilities. Their rather bold behaviour suggests that the rather cosy assumptions about the water authorities' superior long-term dividend growth prospects may have to be reworked. If British Gas is prepared to tinker with its dividend cover in order to increase its interim dividend by 15.4 per cent, its prospective yield of 7 per cent may not look so badly out of line with that of the bigger water companies. After all, it is generating far more cash than it needs and its acquisition record to date suggests that it would have done better to hand the money back to shareholders.

At first sight, BT's 9.4 per cent interim dividend rise and prospective yield of under 6 per cent may not look particularly generous, especially if the water companies are going to yield well over 5 per cent on day one. But if it were to brave the wrath of its unions and use the long-term pension saving of £200m plus to boost the payout to its shareholders, the market might begin to revise its wary opinions about BT's longer term prospects. After all, the saving could be worth 2½p per share, or almost a quarter of last year's payout; and at least BT, with its double digit volume growth, can claim that unlike gas or water it is in a long-term growth industry.



AMP/Pearl

It is hard to feel anything but dismay at the speed with which AMP's new £6.90 per share offer for Pearl flushed out institutional sellers. With 38 per cent of Pearl already in its hands, AMP is not yet assured of victory, but it is close. Pearl knows that its most loyal backer, Britannic, has only 4.89 per cent of its shares; and other likely friends such as Prudential or smaller home service insurers probably speak for no more than 5 per cent between them.

The whole affair is distinctly unedifying in what it reveals about institutional investors' readiness to sell out to an underpriced bid. If AMP wins, then it will have taken Pearl on a multiple of only 9.1 times the £130m of embedded value earnings which Pearl expects this year. If this is not institutional short-termism, given Pearl's dividend record, it is hard to know what is; and Pearl must find a white knight rapidly.

Wellcome

Yesterday's reaction to Wellcome's figures was a neat illustration of the tussle between bulls and bears of the stock: a swing in the price of over 6 per cent, ending with a 9p rise to 724p. The bears seem finally to have been routed, which ought to be a classic sell signal. But Wellcome is a stock like no other. Even with the historic multiple at 27 and the yield – after a 40 per cent dividend increase – at 0.9 per cent, it is as likely to be too cheap as too dear.

Forecasts for this year mean little, since they depend critically on when the AIDS drug Retrovir is cleared for use in asymptomatic patients in the US. At the earliest, this could come by the first quarter of next year. The next question is how many asymptomatic patients will take the drug. No-one knows that either. Nor is it clear whether the price, having already been reduced twice by 20 per cent, will have to be cut again: and if so, whether this would further stimulate demand, allowing margins to be maintained on higher sales.

The fall-back is that apart from Retrovir – only 5 per cent of last year's sales – the rest of the group is still growing faster than the drug industry average. Besides the remarkable herpes drug Zovirax – up a further 36 per cent in sales last year – there are 7 new drugs awaiting approval; no likely giants, but a typically wide spread of therapeutic areas.

That does not, of course, justify the present price. Wellcome remains the hardest stock to call in the FT-SE. If Retrovir is on its way to becoming a $1bn drug – which is by no means impossible – the price is too low. But in the nearer term, while bad news on the drug could come any day, all the conceivable good news seems there already.

British Steel

With UK demand 5 per cent down since last winter and soft markets in continental Europe too, British Steel's time of trial is much closer than most observers expected. Yesterday's interim pre-tax profits, up 57 per cent at £423m, were impressive. But the share price's refusal to take off was fully justified by evidence of the slog British Steel may face to sustain dividend growth in the 1990s at something like this year's likely 10 per cent.

True, key ratios are heading the right way. Turnover per employee rose 9.5 per cent to £93,000, while the proportion of the group's steel made by efficient continuous casting has risen to 85 per cent, close to West German levels. That 1200 more jobs are going shows management's hard edge; one suspects that if demand is still dropping in 1991, Ravenscraig's closure will be back on the agenda.

Yet all this has its price. British Steel's late-1980s reputation as a cash generator looks less safe. Net liquid funds increased only £15m in the first half, compared with £268m last year. Some of the worsening was down to an increase in working capital prior to the docks dispute; also, the company is now paying dividends. But capital expenditure is running at about £400m this year, or twice depreciation, and is planned to stay at about 6 per cent of turnover for the foreseeable future. As the downturn gathers speed, the stock market can suddenly see how much cash a steel company needs.

FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

Testing time for Eurobond issues

The fixed-price reoffered method of syndicating new Eurobond issues faces its fiercest test this morning, when Merrill Lynch plans to price and launch a $500m five-year deal for General Motors Acceptance Corporation. Yesterday's announcement of the issue for pricing discussion sparked heated debate between Merrill Lynch and its eight co-managers — the first time price negotiations have proved sticky on a fixed-price Eurobond deal. Other such deals have caused comment because banks felt the lead managers did not seek general agreement before launching the bonds, but in this case Merrill said it was looking for a consensus. Andrew Freeman reports. Page 31

British Gas's dividend surprise

British Gas yesterday announced a surprise increase in its interim dividend, lifting the half-year payment by 16.4 per cent to 3.2p a share. Mr Robert Evans, chairman, said the basic dividend policy, which was based on current cost profits while ignoring unusual events in single years, was unchanged. But the company had decided it could afford a higher level of pay-out, he said. Page 32

Opening door to potential

A metallurgical breakthrough lies at the root of a US$330m nickel production project announced yesterday by Australian Consolidated Minerals and Outokumpu, the state-owned Finnish group. Page 40

Strangers on the family farm

Foreign investors are buying into US agriculture. They now own 1 per cent — or 12.5m acres — of US farmland and are hoping that the lean years of earlier this decade are over. Even if the bad times have not gone, there is evidence to show that US farmland is a better long-term investment than business real estate. But there are two important caveats, warns Rachel Johnson. Page 31

On the other side of the street

At a time when business on the British high street is looking gloomy and consumer demand is slowing in the US, retailers on the Continent have plenty to smile about. Consumer spending has been buoyant for much of this year and there is new demand brought about by the opening of the Iron Curtain. Add to this the prospect of more cross-border links and foreign interest in the prime land sites owned by big department stores, and it becomes clear why many continental retail stocks have outperformed this year. Page 52

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises			
BASF	273	+	5.7
Daimler Benz	668	+	21
Mannesmann	270	+	12.5
Metallge'schaft	513	+	17
Viag	319.5	+	10
Volkswagen	513	+	17

NEW YORK ($)

Rises			
Campbell Soup	50⅛	+	⅝
Carton Comms	26⅛	+	⅞
Kansas City	48⅛	+	1⅜
Paramount	56	+	1
Falls			
Dun & Bradstr.	42½	−	8⅞
Cineplex Odeon	9⅛	−	⅞

New York prices at 12.30pm.

PARIS (FFr)

Rises			
Europe No1	930	+	84.2
Eurotunnel	47	+	3.4
Fives Lille	331.9	+	16.7
Falls			
Bon Marche	1000	−	41.2
Ingenico	182	−	12.1
UIF	652	−	26.9

TOKYO (Yen)

Rises			
Carolina	808	+	66
Kyokuyo	1630	+	190
Michiao	2080	+	180
Nippon Soda	1240	+	130
Riken Corundum	1000	+	85
Toa Electronics	1760	+	70

LONDON (Pence)

Rises			
Brit Aerospace	539	+	20
Brit Gas	201½	+	7
Brit Telecom	267	+	8½
Calor	428	+	12
Carlton Comm	818	+	23
Guinness	587	+	9
Pearl	689	+	52
Sainsbury (J)	254	+	2
Wellcome	724	+	9
YG Instr	463	+	15

Falls			
ADSA	134	−	2
STR	417	−	8
Bass	969	−	12
Barton	185	−	4
Cookson	258	−	11
Quadrant	215	−	42
Sketchley	368	−	14
Sotheby's	1925	−	125

AMP raises Pearl offer to £1.24bn

By Ray Bashford in London

AUSTRALIAN Mutual Provident yesterday took a commanding position in the takeover battle with Pearl Group following the announcement of a sharply increased offer for the UK life assurance company.

AMP, Australia's biggest life house, raised its offer from 605p to 690p cash a share and launched a market raid which more than doubled its holding in Pearl to 38 per cent.

The new offer values the company at £1.24bn ($1.95bn) and, if successful, would be the biggest ever foreign takeover of a UK insurance company.

The attempted takeover of Pearl is part of AMP's plan to expand away from domestic market which offers limited scope for growth. The bid follows its strongly contested acquisition, earlier this year, of London Life, the mutual life insurer.

Mr Ian Salmon, chief general manager of AMP's international operations, said he was confident of victory after an encouraging initial response to the offer. "We are hopeful that a steady flow of shares will come our way and that we will win the company," he said.

Mr Einion Holland, Pearl's chairman, claimed the higher offer continued to grossly undervalue the company and urged shareholders to reject it. "We are going to fight to avoid the AMP getting any more shares. There is still about two-thirds of the capital to fight for," he said.

Britannic Assurance, Pearl's second biggest shareholders with a 5 per cent holding, said it considered the offer inadequate and would retain its shareholding.

Other shareholders with about 10 per cent of the capital are today expected to support Britannic's stance.

AMP said it had received support from a broad range of institutional investors during the raid, with the biggest parcel coming from Warburg Asset Management, which sold its 3 per cent holding.

Pearl based its defence against the bid on an appraisal value of the company's shares which was carried out by a firm of independent actuaries.

The study concluded that, by combining the value of shareholders' funds with the profits that Pearl would generate from present and future business, the shares were worth 765p a share.

Following the release of this figure last Tuesday, the company's shares firmed slightly to 650p, the price around which AMP was expected by some City analysts to pitch its revised offer. AMP had until next Tuesday under the City Code to announce a revised offer.

Pearl shares yesterday jumped 42p to 689p after the announcement of the increased offer which had been expected to come closer to next Tuesday's deadline.

AMP built up the 18 per cent stake through purchases last year in the market representing a 5 per cent stake.

A clear warning of potentially hostile intentions came earlier this year, when AMP bought a block of shares representing 13 per cent of the capital.

The company is believed to have paid an average of 410p for these shares, meaning that if the bid is successful it will have paid about 640p a share.

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Alan Harper

Hill Samuel links with Dai-Ichi Kangyo

HILL SAMUEL Investment Management, part of the TSB group, is forming a joint venture with Dai-Ichi Kangyo Bank, Japan's largest, to provide global investment services to DKB clients, writes David Lascelles, Banking Editor.

Hill Samuel will take a 5 per cent stake in DKB's London-based investment management subsidiary, and will post an executive in Tokyo. Mr Leonard Johnson, managing director of Hill Samuel's international investment operations, said he believed it was the first arrangement of its kind, and was the result of five years of co-operation between the institutions.

DKB's investment management business is still small, partly because of the constraints of Japanese banking regulation. But Mr Johnson said he expected the $850bn Japanese pension fund market to be liberalised within 18 months, and this would provide big opportunities.

Mr Johnson (right) is pictured with Mr Hideo Mashimo, managing director of DKB Investment Management International.

Retrovir helps Wellcome to lift profits to £283m

By Vanessa Houlder in London

WELLCOME, the maker of Retrovir, the only medicine licensed to combat AIDS, yesterday announced a 28 per cent rise in pre-tax profits from £221.2m ($348m) to £282.9m for the year to August 26. Sales of Retrovir increased 49 per cent to £134m.

The UK pharmaceutical group's results were at the lower end of expectations, but the share price rose from 715p to 724p after a presentation to analysts. This revealed an attempt was under way to win approval to market Retrovir to patients who have not yet developed full-blown AIDS.

Wellcome said it had already lodged a US application for licences to treat patients who were at an early stage of HIV infection. This followed a major US study, released in August, which found that Retrovir significantly slowed the progress of the disease in its early stages.

"We believe that the expected growth in patient population over time, as a result of these findings, coupled with production economies, will reduce our financial risk and will remove some of the uncertainties which existed when this drug was first introduced," said Sir Alfred Shepperd, chairman.

Zovirax, which is used in the treatment of herpes infections, remained Wellcome's largest selling product, with sales up by 36 per cent to £255m.

This continued growth reflected further penetration of countries such as Japan, where the product is a relatively recent introduction and expanded use in countries where Zovirax is now approved for use in shingles. It is still awaiting regulatory approval for this use in a number of countries, including the US.

The non-antiviral drugs, which account for two-thirds of turnover, were boosted by the introduction of a new antidepressant, Wellbutrin, in the US, strong sales of Sudafed, its cold and cough preparation, and progress with Tracrium, its muscle relaxant.

Overall, turnover increased by 18 per cent to £1.41bn (£1.25bn). This included nine months' turnover of £154m from Coopers Animal Health operations, which were sold during the year.

Sales rose by 14 per cent to $300m in the US, by 15 per cent to £127m in the UK, by 17 per cent to £268m in the rest of Europe and by 38 per cent to £79m in Japan, which benefited from the launch of Zovirax tablets.

Capital spending rose from £133m to £147m. Total spending on research and development was £189m. Earnings per share rose from 15.1p to 19.7p. A final dividend of 3.75p (2.6p) was declared.

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BAT bid 'could be 80% cash'

By Nikki Tait in London

SIR JAMES GOLDSMITH'S Hoylake consortium says if it was making a new bid today for BAT Industries, the UK tobacco-based conglomerate, it would pitch the offer at 850p a share. At least 80 per cent of the offer would be in cash. The structure of a hypothetical bid for BAT as currently constituted was set out in new filings with nine US state insurance commissioners.

Hoylake, whose initial £13.5bn ($21.6bn) bid lapsed in September, needs approval from the commissioners for a change of ownership of Farmers Group, BAT's US insurance subsidiary. The Takeover Panel allowed Hoylake to lapse the offer on the condition that if these clearances were secured and Hoylake wanted to rebid, it would do within 21 days.

A number of commissioners, however, say they must know more about any potential new bid from Hoylake before they can assess the impact on Farmers. It is partly to deal with these requests that the new filings have been made.

These suggest that one-fifth of the consideration would comprise Hoylake loan stock, automatically exchangeable for shares in the UK-quoted Anglo group. Subject to market conditions, Hoylake might replace this element by cash – funded by the issue of Hoylake shares to Anglo. At present, 75 per cent of Anglo is owned by companies run by Sir James or Mr Jacob Rothschild, another consortium member.

If the loan stock was offered and the bid successful, Anglo would end up owning 63.75 per cent of Hoylake shares and hold 100 per cent of the votes. Hoylake would own BAT. The other four-fifths of the consideration would consist of Hoylake senior debt or cash, with any debt underwritten or placed with banking institutions to give shareholders cash.

The overall shape of the offer is similar to that previously proposed, but this is the firmest suggestion to date of a high cash element. BAT was quick to point out that these hypothetical proposals are not binding.

According to the documents, projections by accountants Price Waterhouse suggest that Hoylake's gearing immediately after an offer, assuming that BAT's own planned restructuring had proceeded would be about 150 per cent, but fall to 24 per cent after a year. This model uses analysts' estimates for sale prices Hoylake might realise for other "non-core" BAT assets.

In addition, the new filings attempt to tighten the arrangements by which Hoylake would sell Farmers on to Axa-Midi, the French insurance group shortly after gaining control of BAT. Part of Hoylake's argument is that this agreement makes its own offer and plans for BAT of little relevance to the commissioners.

They also reveal that the list of other prospective investors in the Hoylake consortium has dwindled slightly - with the likes of GEC, Mrs Barbara Flick, the Duke of Beaufort no longer featuring. However, Sir James claimed yesterday that the latest subscription agreement - under which the continuing investors have actually subscribed £16.2m, but could be entitled to put up £196m - was not necessarily indicative of those who might come in if a new bid was made.

The Arizona commissioner's office, which has pressed strongly for further bid details, said it could not comment until it had examined the filings.

Navistar seeks to return to Europe

By Kevin Done in Frankfurt

NAVISTAR International, the leading North American medium and heavy truck maker formerly known as International Harvester, is seeking to re-enter the west European market, less than a decade after it was forced to withdraw in disarray with its North American operations on the brink of financial collapse.

Mr Jim Cotting, Navistar chairman and chief executive, said yesterday that the group was seeking links with European truck makers both in engine manufacturing and in truck distribution and assembly.

Navistar was in discussions with several European truck producers and was considering a range of options, including joint ventures, marketing relationships, equity links or technology licensing deals.

"We are developing a strategy for Europe. We have had discussions about engine development, the sale of engines or the transfer of technology. Expanding outside North America is now a major strategic long-term move."

Mr Cotting said that Navistar was also working to modify part of its medium-sized truck range (10-15 tonnes gross vehicle weight) for the European market. It was seeking links with European truck makers in distribution and in local assembly in order to avoid European Community 22 per cent tariffs on direct truck imports.

Navistar intended to seek out specific market niches. "We would not try to blanket the market," said Mr Cotting.

Navistar, the world's leading producer of mid-range diesel engines (125-270 bhp), is seeking to gain a foothold in Europe with what it claims is the world's first "smokeless" diesel engine.

The engine, which is due to enter volume production in 1992, has been developed to meet tough US exhaust emissions standards for truck engines due to come into force in 1994.

Navistar believes that the EC will follow the US lead for tougher emissions controls for trucks, as has happened with cars.

At the beginning of the 1980s Navistar, the then International Harvester, had a significant presence in the European truck industry. It owned Seddon Atkinson in the UK, had a 39 per cent stake in DAF of the Netherlands, and had management control and an option for majority equity control of Enasa in Spain. It was forced to retrench to North America in the face of financial collapse.

New Ferranti accounts out today

By Charles Leadbeater, Industrial Editor, in London

FERRANTI International Signal, the beleaguered UK electronics group, will today attempt to open the next stage of its recovery from an alleged £215m ($340m) fraud, by publishing its revised report and accounts.

The revised accounts will detail the exact extent of the suspected fraud involving Ferranti's US-based International Signal and Control subsidiary, which was acquired in 1987.

The company disclosed in October that a report by Coopers and Lybrand, the accountants, estimated the gross loss of £215m on three questionable contracts in China, Nigeria and Pakistan would force it to write off £185m after tax.

It is not expected that the final figure will differ markedly from the estimate in the Coopers and Lybrand report, which led the Serious Fraud Office to launch a wide-ranging investigation into the affair.

The revised accounts should clear the way for Ferranti's embattled management to proceed with the next stage of its rescue plan, which could lead to the company being taken over.

The first stage was completed late last month, when Ferranti reached preliminary agreement with a consortium of 30 banks on a package worth about £300m. It is designed to provide it with a breathing space until January by covering Ferranti's working capital requirements.

The publication of the full accounts will facilitate Ferranti's discussions with a wide range of companies over possible asset sales and an injection of equity.

The company is planning a recapitalisation, either through a partnership arrangement with another company taking a significant stake or through accepting a takeover.

British Aerospace and Thomson-CSF, the state-controlled French electronics company, are thought to be the leading contenders to take over the company in a joint bid.

The revised accounts will be put to a reconvened annual general meeting for approval later this month. The meeting was initially adjourned in September and then again in October.

British Steel hits £423m midway

By Nick Garnett in London

BRITISH STEEL showed yesterday that smokestack industries can belch out huge earnings, when it announced pre-tax profits of £423m ($673m) for the half year to September 30.

The leap from £270m was achieved on turnover of £2.55bn (£2.33bn) and was £60m higher than most estimates.

However, British Steel hedged its satisfaction at the performance with the most severe warnings yet about price weaknesses and the state of demand, which has fallen 5 per cent in the UK since the start of this year.

All this reinforced worries that this might be a peak profit year for the former state-owned steelmaker, which was sold to the private sector at the end of 1988.

Sir Robert Scholey, chairman, said weaker trading conditions would adversely affect second-half trading profits and those in the following year. Nevertheless, British Steel expected full-year trading profit, which reached £388m in the first half, to turn out above the £656m achieved in 1988-89. Pre-tax profits would also be up on last year's £593m.

Most analysts believe British Steel will achieve a pre-tax figure for the full year considerably in excess of £700m, but that next year's profits could be £60m to £100m lower that that.

British Steel's financial performance has been notoriously difficult to predict, though, and a weakening of sterling against the US dollar could produce a much smaller fall. The company had £45m of exceptional costs in the first half, some related to planned cuts of about 1,200 jobs from the present 52,500.

Output at 7.2m tonnes was 1.5 per cent lower than the same period last year. Sales volume was about the same, with higher turnover coming mainly from higher selling prices and improved product mix.

Falls in steel prices, which have been particularly marked in the UK, have mainly affected stainless so far. Sir Robert said there was no sign that prices were deteriorating severely.

Demand and prices had held up better in continental Europe. But the share of exports as a proportion of total deliveries slipped from 35 to 32 per cent.

First-half earnings per share increased to 16.6p (12.6p). A maiden interim dividend of 2.75p will be paid on January 16.

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Sun and Unisys decide not to invest in Dram venture

By Louise Kehoe in San Francisco

US MEMORIES received two further setbacks yesterday when both Sun Microsystems and Unisys said they would not invest in the collaborative venture aimed at establishing a major new US manufacturer of dynamic random access memory (Dram) chips.

The decisions follow announcements by Apple Computer and Tandy that they will not invest in US Memories. All the companies buy large amounts of Dram chips and might have been expected to welcome the opportunity of guaranteeing a ready supply from a US company.

Sun said yesterday that it had decided not to invest because it has "forged long-term strategic relationships with a number of Dram suppliers worldwide."

US Memories is seeking $500m to $600m in capital from US semiconductor and computer companies. The venture aims to sell up to 10 per cent of its equity to companies and in return to guarantee them a share of its output.

US Memories received seed capital from seven leading US companies: IBM, Hewlett-Packard, Digital Equipment, Intel, National Semiconductor, Advanced Micro Devices and LSI Logic. In addition, IBM has promised to license its Dram process technology and chip designs to the venture.

But the venture had hoped to complete its financial arrangements by the end of the year, to begin building a memory chip plant early in 1990.

Responding to Sun's announcement yesterday, Mr Sanford Kane, president of US Memories, said it was a "disappointment, but certainly not a major blow to US Memories.

"Sun is one of 18 companies considering investing in US Memories – more than enough to make US Memories happen. Considering the wild swings we've experienced over the last few years in Dram pricing and availability, it is difficult to understand why a company depending on Drams would not actively support this venture."

However, US semiconductor industry executives acknowledge that the chances of US Memories raising sufficient funds are diminishing. Their support for the venture depends on at least half the capital coming from the computer systems side of the industry.

Brain drain helps boost Hongkong Telecom

By John Elliott in Hong Kong

HONGKONG Telecommunications, a subsidiary of Cable and Wireless of the UK, yesterday unveiled a sharp increase in profits.

Profits after tax, minority interests and transfers to a development fund rose to HK$2.07bn (US$264.5m) for the six months to end-September, a gain of 20.1 per cent over the same period last year.

The advance was achieved on turnover which rose by 21 per cent to HK$6.87bn. The boost came primarily from the international telephone business, which grew by 27 per cent over the same period last year and accounted for 57 per cent of total revenues.

Mr Mike Gale, chief executive, said Hong Kong's brain drain was helping to boost international business because of calls made between separated families. Calls to and from Canada, the leading destination, grew by over 40 per cent, outstripping China as the main growth area.

Another big potential for growth locally, where telephone calls are free, was in the facsimile business. There were about 80,000 registered fax line users out of 2.2m telephone customers, and some 1,800 new fax lines were coming into use each month.

Mr Gale stressed the company's confidence in the future, despite recent events in China. Capital investment in the current year would total HK$2.7bn, up from HK$2.5bn last year, with a similar figure planned for next year.

Plans had been drawn up for a fibre optic cable to be laid between Hong Kong and Tokyo, and negotiations had started with China for a spur to Shanghai. The group only had HK$18m invested in China.

Hongkong Telecom was formed two years ago as a holding company for Cable and Wireless's two local operating subsidiaries, Hongkong Telephone and Cable and Wireless (Hong Kong). It is the colony's largest publicly listed company and is the main contributor to its London-based parent group's profits.

Following share issues a year ago, it is 75 per cent owned by Cable and Wireless (Far East) and by the UK parent. The 75 per cent stake is expected to be gradually reduced to 52 per cent.

A second share sale is possible next year when some or all of a 7 per cent Hong Kong government holding might also go on the market. Mr Gale said that US investors own 3 per cent of the company.

An interim dividend of 13 cents was declared compared with 11 cents a year ago.

Westpac soars 34% to A$791m

By Chris Sherwell in Sydney

WESTPAC Banking Corporation, the largest of Australia's Big Four commercial banks, yesterday reported higher-than-expected profits of A$791.1m (US$620.5m) for the year to September, up 34 per cent on last year's A$589m.

Mr Stuart Fowler, managing director, said it was "a record profit in a challenging year." Although business conditions were likely to remain difficult, he said the group was "well-positioned to improve" in the current year.

The profits rise reflects a 28 per cent increase in assets to A$106.6bn and a corporate tax rate reduced from 49 per cent to 39 per cent. It was also achieved despite vastly increased provisions: the total charge for bad and doubtful debts rose 78 per cent to A$579m.

Although earnings per share, at 78.4 cents, were down from 79.9 cents, the group declared a fully-franked final dividend of 27.5 cents per share, making a total of 53.5 cents for the year, up 22 per cent on the previous year.

On the stock exchange, the share price finished 13 cents higher at A$5.06.

The group's total operating income rose only 7 per cent to A$3.85bn. Of this, interest income after provisions for bad debts actually dipped 2 per cent to A$2.3bn, while non-interest income increased 24 per cent to A$1.55bn.

A breakdown of the A$791m reported profit indicated the bulk – A$724m – came from the group's retail banking operation, including its home-lending business. This was double the previous year's contribution, and reflects a 40 per cent increase in home loans to A$10bn, which has made Westpac Australia's largest home lender.

By contrast, the hefty A$247m provisions made at merchant banks Partnership Pacific in Australia and Westpac Merchant Finance in New Zealand resulted in losses of A$56.6m. Westpac said it had absorbed their lending, which had "higher risk," and they would focus on fee-generating activities.

A further significant profit contribution came from the Australian Guarantee Corporation, with A$113.7m in its first full year as a wholly-owned subsidiary. Westpac's broking arm, Ord Minnett, was also said to be trading profitably, while offshore, the Mase Westpac bullion group managed its best year since coming under Westpac three years ago.

Looking ahead, Mr Fowler said the Government's high interest rate policy had cut margins, affected small borrowers and reduced housing loan demand. Although he expected a drop in economic growth in the new year, Westpac expected a good year "unless something dramatic happens."

Last year's profit was adjusted downwards to A$589m because of a change in accounting policy. It now excludes A$112.6m in capital gains from property sales and another A$8.9m for building depreciation. Similarly this year's figure excludes A$88m in property sales, credited to capital reserves.

Westpac's total exposure to countries rescheduling their external debt has been reduced to US$73m from US$244m a year ago. The figure includes US$21m not subject to rescheduling.

The group's capital ratio has risen, to 9.6 per cent from 9.4 per cent, well above the 8 per cent minimum set under the Reserve Bank of Australia's risk-adjusted capital adequacy requirements.

Oil services company lifts income

By James Buchan in New York

BAKER Hughes, the oilfield services company formed from the merger in 1987 of Baker International and Hughes Tool, reported a striking 27 per cent increase in its net income for the quarter to September as it continues to reap benefits from the merger.

The strong quarter, which came despite little drilling activity and falling sales revenues, lifted the Houston company's profit for its fiscal year to September to $82.7m or 64 cents a share before extraordinary items. This was 39 per cent ahead of the $59.4m or 45 cents a share of 1988.

Mr James Woods, chairman, said that earnings for the fourth quarter were $36.2m or 29 cents a share. Net income in the fourth quarter of 1988 was $48.2m or 39 cents a share.

Revenues were $604.2m against $667.7m.

For the full year, after-tax profits were $85.0m or 66 cents a share, after gains of $2.3m or two cents a share. The previous year's figures were $103.2m or 82 cents, after gains of $43.8m or 37 cents.

Revenues were little changed at $2.33bn.

Campbell Soup chalks up a record first quarter

By Anatole Kaletsky in New York

CAMPBELL Soup, the New Jersey-based food group which has recently been subject to takeover speculation, reported record earnings and revenues for its first fiscal quarter, ending October 29.

Campbell made net profits of $83m or 64 cents a share, up 20 per cent on the $69.4m or 54 cents reported a year earlier. Quarterly sales increased by 14 per cent to $1.52bn.

Campbell USA, the company's largest division, increased operating earnings 32 per cent to $121.7m, while sales rose 11 per cent to $823m.

Campbell International made operating profits of $20m, 32 per cent higher than the year before, on revenues of $403m. These revenues were 27 per cent up.

Pepperidge Farm, the company's US baking division, made $13.6m, a 16 per cent advance. Campbell Enterprises, a food service and confectionery group, reported a 26 per cent advance in operating earnings to $6.9m.

Spending pays at Loblaw

By Robert Gibbens in Montreal

LOBLAW Companies, Canada's largest food distributor, posted a strong third quarter which indicated that heavy capital spending was paying off in market share.

Profit for the 12 weeks ended October 7 rose 51 per cent to C$19.2m (US$16.6m) or 22 cents a share, while nine-months earnings advanced 21 per cent to $47.4m or 54 cents.

However, total sales dipped 8 per cent to C$6bn following the disposal of a US wholesale subsidiary. Loblaw Companies is controlled by the Weston family.

Mr Galen Weston, chairman, said margins were up in Canada and the US and the superstores in Ontario were staging a significant turnround.

The fourth quarter should also be strong and the benefits of investing in stores will be felt through 1990, he said.

Seven-Eleven buys Hawaii shops

By Stefan Wagstyl in Tokyo

SEVEN-ELEVEN Japan, the convenience stores group, is to buy 57 shops in Hawaii from the owners of Seven-Eleven in the US, which helped to found the Japanese company.

Seven-Eleven is paying $75m to Southland, the US company which launched the Seven-Eleven brand in the US. Southland is raising money to clear debts incurred when the founding Thompson family took the company private two years ago.

Seven-Eleven Japan was established in 1973 by Ito-Yokado, the Japanese retail group, in a venture with Southland. It is growing fast with more than 4,000 stores in Japan.

Matsushita reports modest gains

By Stefan Wagstyl in Tokyo

MATSUSHITA Electric Industrial, the large Japanese electronics maker, yesterday reported modest increases in consolidated interim sales and profits. Strong gains in industrial and communications equipment were offset by a dull performance in consumer electronics.

Pre-tax profit for the six months to the end of September rose by 3.4 per cent on sales ahead 7 per cent to Y2,888bn ($20.6bn).

Net profits advanced 5 per cent to Y109.9bn, or Y51.45 a share.

Overseas sales, accounting for 44 per cent of total turnover, gained 14 per cent but domestic sales, suffering from uneven demand for consumer goods, rose by just 3 per cent.

The biggest gains were recorded in the communications and industrial equipment division in which Matsushita has invested heavily in order to diversify away from the consumer field, where there is growing competition from South-east Asia.

Sales rose 12 per cent to Y648bn, or 22 per cent of the total. Strong battery sales pushed the total for energy and kitchen-related products up by 12 per cent to Y147bn; electronics components sales, including semi-conductors, rose 11 per cent to Y388bn.

On the consumer products side, sales of home appliances rose by only 1 per cent to Y414bn, due partly to slow sales of air conditioners because of a cool summer. Audio equipment sales rose 3 per cent to Y254bn and those of video equipment by 1 per cent to Y772bn. Large-screen televisions did well but video recorders fared poorly in the domestic market.

For the parent company alone, Matsushita reported sales of Y2,087bn, an increase of 4 per cent, and profits of Y129.6bn, up 3 per cent. Domestic sales were 6 per cent up, whileexports from Japan were 2 per cent higher.

The small increase in exports compared with the 14 per cent rise in overall overseas sales reflects the continuing increase in overseas production.

Kyocera hit by drop in demand

By Robert Thomson in Tokyo

KYOCERA, the world's largest manufacturer of integrated circuit ceramic packages, yesterday reported a 2 per cent fall in pre-tax profit to Y24.3bn ($168.4m) in the first half to the end of September after sales were hit by slowing domestic demand and rising labour costs.

Sales were Y148.1bn, down 3.5 per cent, as the company faced stronger competition on IC packages for semiconductors, sales of which fell 20.9 per cent during the period.

The company said demand from US semiconductor makers had fallen significantly during the period after strong growth for most of last year, but consumer and industrial demand for non-electronics products showed "healthy growth."

The company had predicted that pre-tax profits would rise 5 per cent this year, but that prediction was overturned in September when it was announced that a 2 per cent fall was expected.

Consolidated sales for the period fell 1.3 per cent to Y169.1bn while after-tax profit was Y14.6bn, an increase of 5.1 per cent.

Ricoh and Minolta lift profits

By Our Tokyo Staff

RICOH AND Minolta, two large Japanese makers of copiers, cameras, and business machines, have reported increases in unconsolidated interim sales and profits due to strong demand.

Ricoh, which has nearly half its sales in copiers and facsimile machines, said sales in the six months to September rose 11.4 per cent to Y322bn ($2.24bn) and pre-tax profits by 4.7 per cent to Y16.6bn.

Copier sales increased by 13.6 per cent and those of word processors and other office equipment by 24.2 per cent.

The company, which exports about one third of its output, said the US market for computers might be sluggish in the second half but domestic demand was strong.

For the full year to March, Ricoh forecasts pre-tax profit of Y34bn, up 6.3 per cent, on sales of Y660bn, up 9.5 per cent, both record highs. After-tax profits are expected to slip slightly, below last year's Y18.3bn.

Minolta, which has half its sales in office equipment and the other half in cameras, reported an 11.7 per cent increase in sales to Y105bn.

Camera sales rose 19.9 per cent, with increases both at home and abroad.

Office equipment sales were hit by the introduction of a consumption tax in the Japanese market, but exports rose.

Operating profits soared 240 per cent to Y2.5bn, due to the effect of higher sales on margins and cost-cutting efforts.

Non-operating profits fell as the company reduced its sales of securities, trimming the increase in pre-tax profits, up 14.9 per cent to Y3.7bn.

Minolta forecasts full-year profits of Y7.5bn on sales of Y215bn.

Japan's shipping groups stage sharp recovery

By Robert Thomson

JAPAN'S shipping companies, struggling to make a profit in recent years, have reported strong profit growth in the first half following improved freight rates and the impact of cutbacks in personnel and unprofitable vessels.

Nippon Yusen, the largest Japanese shipping company, reported a 42.6 per cent increase in pre-tax profit to Y8.1bn ($56.6m) on a 9.6 per cent increase in sales to Y238.57bn. The company said regular liner operations were still making losses but North American and European operations have improved significantly.

The company has improved its profit through increased imports, and has benefited from the weaker yen this year. For the full year to the end of March, the company expects a pre-tax profit of Y16bn, up from Y12bn last year.

Mitsui O S K Lines reported a 360 per cent increase in pre-tax profit to Y7.8bn for the first half after a 12.1 per cent increase in sales. Liner operation sales rose 17.5 per cent, tramp services 9.5 per cent, and tanker services 4 per cent.

The company predicts full-year sales of Y400bn, up 12.2 per cent, with a pre-tax profit of Y14bn, a 250 per cent increase.

Kawasaki Kisen reported a pre-tax profit of Y3.1bn, against a loss of Y1.19bn for the first half last year, after a 17.5 per cent increase in sales to Y175.4bn.

Revenue from regular services rose by 20.9 per cent.

The company expects a full-year pre-tax profit of Y7bn.

Lively market boosts property

By Ian Rodger in Tokyo

JAPAN'S TOP three property companies have recorded sharp increases in profits, boosted by lively markets in Japan for office and residential properties.

Mitsui Real Estate displaced Mitsubishi Estate as the largest company in terms of property holdings, following completion of a 510,000 square metre building in Kawasaki.

Mitsui said the sales rise was helped by higher condominium sales and improved revenues on rental buildings.

Sales of residential lots and houses, including condominiums, rose 13 per cent. Profit growth was hindered by a rise in building management costs. For the full year, the company expects pre-tax profit to rise 14 per cent to Y52bn.

Mitsubishi Estate, which recently bought a 51 per cent stake in the US Rockefeller property group, said revenue from land and office building leasing rose 9.8 per cent to Y85.4bn and that real estate sales rose 4.8 per cent to Y26.3lbn.

Income from building design and construction supervision fell 9.1 per cent to Y14.7bn because of a slowdown in orders attributable to Japan's worsening labour shortage.

In the full year, it is forecasting a pre-tax profit of Y82.5bn, up 8.2 per cent. This forecast does not take into account the impact of the Rockefeller acquisition, which is to be completed in April 1990 at the earliest.

Sumitomo Realty said the slump in sales was due to a 52.4 per cent drop in condominium sales after delays in construction.

The company plans to pay a Y2 commemorative dividend at the end of the year to mark its 40th anniversary.

For the full year, the company is forecasting a pre-tax profit of Y33bn, an increase of 10.8 per cent.

PROPERTY COMPANY RESULTS (Ybn)
Half-year to September 30

Company	Revenue	%	Pre-tax	%	Net	%
Mitsui Real Estate	269.2	+20.3	26.8	+5.7	8.5	+24.6
Mitsubishi Estate	128.0	+6.4	39.6	+8.2	20.2	+17.3
Sumitomo Realty	57.6	-22.4	16.6	+12.5	8.5	+24.5

First-half surge by Pioneer Electric

By Robert Thomson and Ian Rodger

PIONEER ELECTRIC, the Japanese audio and video equipment maker, lifted consolidated net profit by 23.4 per cent to Y12.38bn ($86.2m) in the first half to end-September after strong sales in its mainline products.

Consolidated sales for the period were Y231.3bn, a 17.9 per cent increase, with sales of audio products up 18 per cent, video products up 19.9 per cent, and auto electronics products up 17.7 per cent. Domestic sales rose 14.5 per cent to Y100.8bn, while exports increased by 20.7 per cent to Y130.3bn.

Pre-tax profit for the parent company for the full year is estimated at Y34bn, a 45 per cent increase, on sales of Y356.3bn, up 18 per cent on last year.

● Pre-tax profits of Kokusai Denshin Denwa (KDD), Japan's overseas telecommunications utility, tumbled 36.9 per cent in the six months to September 30.

KDD said its sales in the six months to September 30 were 4.5 per cent lower at Y132.1bn ($919.3m), despite a 26 per cent rise in call volume.

Net income was down 35.2 per cent to Y9.6bn or Y148.95 per share.

For the full year, KDD is still forecasting a pre-tax profit of Y30bn, down 24.2 per cent.

Swedish drugs company ahead on new products

By John Burton

ASTRA, the Swedish pharmaceutical company, lifted profits before appropriations and taxes by 20 per cent to SKr1.37bn ($211m) for the first nine months of 1989. Sales advanced 19 per cent to SKr5.36bn.

The group predicted growth in profits and sales at the same pace during the rest of the year, and indicated that earnings would climb to SKr1.8bn against SKr1.5bn in 1988.

New products accounted for 8 percentage points of the growth in sales. These included the anti-ulcer drug Losec with sales of SKr211m, the asthma inhaler Pulmicort Turbuhaler and the calcium channel blocker Plendil.

Losec is expected to be introduced in the US, West Germany and Spain within the next two months and in Australia in the first half of 1990.

The acquisition of the Japanese pharmaceutical company Hoei added another 4 percentage points to sales growth.

Sales of the cardiovascular agent Seloken, Astra's best-selling drug, rose by 4 per cent to SKr981m.

● AGA, the Swedish industrial gas group, reported flat profit growth during the first nine months of 1989, blaming economic troubles in Latin America.

Profits after financial items remained little changed at SKr807m against SKr810m a year ago.

Sales climbed by 12 per cent to SKr7.96bn, while operating profits rose by 8 per cent to SKr1.05bn.

AGA predicted that profits for 1989 will not exceed last year's figure of SKr1.15bn because of austerity measures and currency devaluations in Latin America. These are offsetting profit growth in most of the company's divisions.

Foreign exchange losses amounted to SKr131m, while interest costs rose to SKr402m due to large investments made last year.

Frigoscandia, the group's commercial freezing business, was hit by poor vegetable harvests resulting from this summer's drought in Scandinavia.

Biotechnology sales drop hits Pharmacia earnings

By John Burton in Stockholm

PHARMACIA, the Swedish pharmaceutical and biotechnology group, saw profits after financial items fall 6 per cent to SKr635m ($98m) during the first nine months of this year due to declining sales in biotechnology.

With biotechnology sales at SKr1.26bn – SKr200m lower than projected – Pharmacia said it was falling short of its profit forecast for 1989 by SKr150m.

However, group sales climbed 11 per cent to SKr5.41bn.

The company had predicted that 1989 profits would exceed last year's figure of SKr975m.

It hopes that the earnings gap can be reduced during the fourth quarter through higher group sales, further cost reductions and the sale of some operations.

Pharmacia has reduced its workforce in Sweden by 200 and in the US by 80 in the past six months to reduce overheads, and it plans to make further cuts during the first half of 1990.

Demand for equipment for biotechnology research and production has been weak. However, Pharmacia claimed that it could see signs of improvement and that it was not losing market share.

Biotechnology sales declined by only 1 per cent in the third quarter compared with 8 per cent in the second.

NZ Bank's rise marred by credit rating

By Terry Hall in Wellington

THE BANK of New Zealand reported a sharp turnround in profits, announcing an unaudited profit of NZ$44.53m (US$26.2m) for the six months to September 30.

Although this was down on last year's NZ$51.1m interim profit, it is a big improvement on the NZ$648m loss reported in the year to the end of March.

But the announcement was marred by New York credit agency Standard and Poor's downgrading its commercial debt rating from A1 to A2 because of continuing widespread asset quality problems with its loan portfolio.

Mr Syd Pasley, chairman, and Mr Lindsay Pyne, chief executive, said they were delighted the bank had returned to profitability so early in the recovery programme initiated earlier this year.

The profit would have been considerably better but for NZ$98.4m in provisions for bad and doubtful debts, which came on top of NZ$1.29bn of provisions made in the March 31 account. Mr Pyne said latest provisions mostly related to Australian banking business.

Mr Pyne said the Standard and Poor's downgrading was "foreseeable" in the present economic conditions.

The re-rating could be ascribed to the economic conditions of the past two years which has hit financial institutions and inevitably had a major impact on the BNZ as the leading commercial financial institution in New Zealand.

While the bank refuses to comment on individual clients, the BNZ has been linked to some of Australia's recent corporate failures and troubled companies, including Qintex, and has a relatively high exposure to the Australian property sector.

The latest provisions are for doubtful debts which relate to particular problem borrowers.

In the annual result the BNZ said NZ$153.6m of its NZ$1.2bn in specific provisions related to Australian exposures.

In addition Mr Pyne said a further NZ$160m of the NZ$337m in general provisions in those accounts was to cover the expected deterioration in the Australian economy. This adds up to more than NZ$400m in provisions for some NZ$2.5bn in Australian lending.

INTERNATIONAL COMPANIES AND FINANCE

Tesco raises £140m by leaseback on 17 stores

By Paul Cheeseright, Property Correspondent

TESCO, the supermarkets group, is selling 17 of its most modern stores to Land & Property Trust, a private property investment company, for £140m ($221m), in one of the biggest single retail property transactions seen on the British market.

The stores, mainly in London and the south-east of England, are being leased back to Tesco for 30 years. They are in Tesco's books at £90m.

This is the third significant move by Tesco in recent months to release capital from its property for the mainline business.

It established a joint venture company with Slough Estates that brought in £75m and, with Land Securities, it did a sale and leaseback deal on a warehouse complex to obtain £24.5m.

British retailers increasingly have sought to use their property as an active rather than a passive asset. The moves taken by Tesco with its £1.2bn portfolio have been matched in different ways by, for example, Kingfisher, Sainsbury and Storehouse.

At the same time there has been growing interest among property investment companies in the superstore section of the market, despite the general caution about the prospects for the retail industry. This has meant that Tesco has been able to sell into a firm market.

Tesco said it would repay some short-term borrowings and use the funds to help finance its expansion programme.

This year Tesco is spending nearly £700m on its development programme and without the sort of deal it has done with Land & Property Trust its gearing would touch 40 per cent. With the deal, gearing goes down to 35 per cent.

Land & Property Trust won a discreet auction to buy the properties, all of which have been built in the last five years and all of which are well-situated on main roads.

The company is owned by Mr Berish Berger, who earlier this year failed in an attempt to win control of London Shop. The purchase from Tesco is his biggest and his first in the retail sector.

He will pay the money in two equal tranches: the first £70m next January and the second in April.

Mr Berger is a member of a well-known but secretive property family which is believed to have assets worth than £1bn, mainly in the residential sector.

Ericsson forecasts SKr3.5bn

By Robert Taylor in Stockholm

ERICSSON, the Swedish telecommunications group, recorded a 172 per cent increase in profits (before appropriations and tax) for the first nine months of 1989. They rose to SKr2.32bn ($361m) from SKr854m last year.

Sales and order bookings have improved strongly over the nine months, both increasing by 27 per cent.

Net sales rose to SKr26.1bn from SKr20.5bn and orders to SKr29.4bn from SKr23.1bn.

The company said yesterday that the continued growth in profits during the third quarter was mainly due to higher operating income in public and radio telecommunications.

The results do not include recent big orders for the Axe system in the US.

The company believes that profit (before appropriations and tax) will rise to more than SKr3.5bn, nearly double last year's figure, which itself was 66 per cent higher than in 1987.

Chief executive Mr Bjorn Svedberg warned the company had enjoyed a successful nine months but could not relax.

"We know the competitive climate being created by continuing deregulation and the termination of monopolies will be increasingly severe," he added.

"We are continuing our efficiency improvement programmes. We have all the prerequisites to be the leading international telecommunications company and will make the most of opportunities. We will do this by continued persistent and forceful efforts in our core business areas," Mr Svedberg said.

French tour groups launch joint venture

By George Graham in Paris

NOUVELLES Frontières, the French tour operator which in August broke off merger talks with Club Méditerranée, has announced a new set of co-operation agreements with Groupe A, another French travel group which includes the Club Aquarius and Go Voyages chains.

The two groups will initially set up a joint venture car hire company, Liberty Rent a Car, to operate in tourism countries such as Greece, Morocco, Spain, Tunisia and the US, buying around 6,000 cars over the next four years.

They will also form an air charter joint venture, bringing together Nouvelles Frontières's subsidiary Air Corse and Groupe A's Air Liberté.

The partners also plan to work with Groupe A's main shareholder, the GMF mutual insurance group, and intend to sell their tours through its branches and through its FNAC book and record retailing chain.

No shareholding link is planned for the moment between Nouvelles Frontières and Groupe A.

The two, if combined, would have total turnover of around FFr5.5bn ($880m), still some way behind Club Med.

VW up to DM609m in first nine months

By Haig Simonian in Frankfurt

GROUP net profits at Volkswagen, the West German motor group, increased by 45.3 per cent to DM609m ($330m) in the first nine months of this year, buoyed by the European car market, the success of the new Passat saloon and production cost reductions.

The results were well ahead of VW's 80 per cent profits jump to DM403m reported at the six months' stage.

The company said the figures emphasise its determination to retain its position at the top of the European car league this year, while worldwide sales look set to top 3m units for the first time.

Group turnover in the first nine months accelerated by 12 per cent to DM48.3bn, despite an increase of only 2.5 per cent in production to 2.18m units, compared with 2.13m in the same period last year.

The improvement in unit value came in spite of the sales campaign launched earlier this year.

That campaign along with cost reductions in production, has bolstered the group's competitive position. Despite record demand for some models, leading to production bottlenecks, VW reduced its domestic workforce by 2.1 per cent to almost 168,000, while raising the numbers employed abroad by 7.5 per cent to nearly 92,000. Meanwhile, investment in the period went up by 5 per cent to DM3.14bn.

Foreign demand for VW models remains particularly strong, with turnover rising by almost 15 per cent to DM30.7bn, against a 7.4 per cent rise to DM17.6bn at home.

Deliveries in Europe went up by 10.4 per cent to 972,644, a new record, compared with a near static 647,280 units in Germany.

Sales in North America fell by over 21 per cent to 144,212 units. The picture in Latin America, where sales increased by 5.1 per cent to 274,302, is diverse. While unit turnover jumped by over 32 per cent in Mexico, the group continued to face problems with its strike-bound Autolatina join venture, VW said.

Close vote likely on LWT restructuring proposals

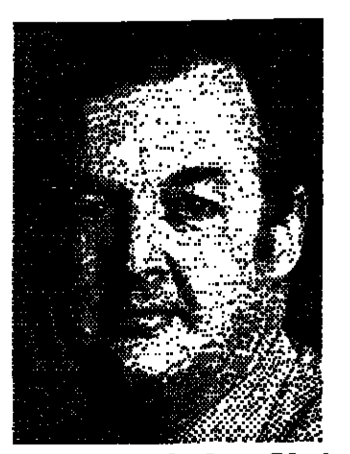
By John Ridding in London

SHAREHOLDERS in London Weekend Television will decide today whether to accept the commercial television company's controversial proposals for a radical capital restructuring and new incentives for top management.

Mr Christopher Bland, LWT's chairman, is confident his scheme will receive the necessary 75 per cent vote. However, opposition from institutional investors means the outcome will be close.

If passed, the scheme will put in place the most radical response by a UK television contractor to the challenges of renewing its franchise when it expires in 1992. It will create a new, highly geared, company to which top management is tied by a performance-related equity stake.

Mr Bland believes the scheme is necessary to retain loyalty of top management and increase efficiency. He argues the switch from equity capital to debt will allow a higher annual payment for the franchise.



Christopher Bland: confident his scheme will win

Mercury Asset Management, LWT's single largest investor with almost 11 per cent of the shares, is expected to support the scheme, as is Schroder Investment Management which speaks for 5.6 per cent.

However, Pearl Assurance, the most vocal critic of the scheme since it was announced in August will cast its vote, worth 5.4 per cent of the shares, against. Pearl's objection concerns the high gearing involved, and whether restructuring is necessary. Similar concerns are expressed by Scottish Amicable, a smaller investor, which is expected to oppose the motion.

Much will depend on how the Prudential votes its 6.4 per cent holding. The Pru has a number of reservations including the use of an absolute measure of share price performance to determine management's rewards.

Most analysts believe the proposals will be carried. One said the prospect of a highly geared television company was less attractive given the current level of interest rates and the downturn in advertising.

Spanish oil group announces first payout

By Our Financial Staff

REPSOL, the Spanish state-controlled oil group, reported a strong increase in nine month profits and announced plans to pay its first ever dividend.

For the nine months ended September 1989, the group increased operating income from Pta70.7bn ($604m) to Pta86bn, which produced an advance to Pt51.1bn in net profits from Pta38.7bn.

Repsol is to pay an interim dividend of Pta40 a share. Shareholders will receive the payment from December 21.

The company explained most profits progress was achieved over the first six months of the year. The third quarter, it said, experienced narrower margins.

Capital investment during the nine months totalled Pta116bn, Repsol added.

Daimler falls to DM1.26bn

by Haig Simonian in Frankfurt

GROUP net profits at Daimler-Benz, West Germany's biggest industrial company, slipped to DM1.26bn ($684m) from DM1.28bn in the first nine months of 1989, although profits for the whole year should maintain the DM1.70bn earned in 1988, it said.

Sales for the group, which is still dominated by its passenger and truck manufacturing activities, rose by 5 per cent to DM54.8bn, and should rise by 4 per cent to more than DM76bn for 1989 overall.

In the nine months, turnover at Mercedes-Benz, Daimler's vehicles subsidiary, went up to DM41.3bn from DM40.0bn, with sales of trucks, which reached DM17.2bn, accounting for the bulk of the increase.

Passenger car production fell to 404,788 units in the nine months, from 423,143. Domestic sales of Daimler's cars dropped by 14 per cent to 183,350 units, with demand overshadowed by continuing concern about emissions from diesel engines, which traditionally make up a substantial share of the range.

The US market also remained difficult, with a 12 per cent fall in unit sales. However, the group said it was now seeing signs of a stabilisation in US demand, leading it to predict sales of 75,000 units in the US this year.

Elsewhere in Europe, as in Japan, demand rose substantially, meaning passenger car sales for the year should remain unchanged from the 550,000 units sold in 1988.

Buoyancy in the international truck market was reflected in rises in demand in the group's main markets, although it was partly held back by capacity constraints.

Magistrate appointed in LVMH case

THE French courts have named an investigating magistrate to look into allegations of fraud filed by a minority shareholder of Louis Vuitton, the luggage maker, against Mr Henry Racamier, the company's chairman, writes George Graham in Paris.

The magistrate, Mr Laporte-Many, will investigate allegations that LVMH improperly paid FFr12.4m ($1.98m) last year in fees to a holding company controlled by the Vuitton family, which is also headed by Mr Racamier.

The suit filed by Mr Jean Sornay, an investor, also alleges Louis Vuitton improperly allowed a number of other investors, including the same family holding company, to take minority stakes in several of its foreign boutiques.

Mr Racamier has dismissed the allegations as "a below stairs manoeuvre."

The decision to name an investigating magistrate, who may then decide whether or not to press charges, initiates a preliminary examination of the complaints.

Buehrmann-Tetterode expands in US

BUEHRMANN-TETTERODE, the Dutch packaging group, expects to expand its fledgling office supply business through the purchase of M.S. Ginn and Publix Office Supply from Hillman of the US, writes Our Financial Staff.

Buehrmann said the acquisitions would expand its US market reach into the key Chicago and Washington office supply markets. The two companies have combined sales of around $150m and employ about 900 people.

Office supplies is targeted by Buehrmann as a key growth area, especially since the company has recently been pulling out of the sporting goods and toys distribution markets.

Buehrmann is also in talks to acquire unspecified minority stake in three Hillman affiliated office supply distributors.

Buehrmann did not disclose financial details of these negotiations or companies. It noted that Hillman's other computer and office supplies business are not part of the transactions under discussion.

Buehrmann's main business lines are in specialty papers and packaging products.

INTERNATIONAL CAPITAL MARKETS

Philadelphia SE modifies cash-index products

By Deborah Hargreaves

THE PHILADELPHIA Stock Exchange has modified its cash-index participation products in the hope that they will be classed as stock products following a court ruling that halted trading in the exchange's previous contracts.

The court ruling that banned the PHLX from trading its original index participations this summer removed jurisdiction of the products from the Securities and Exchange Commission, classing them as futures contracts and placing them under the authority of the Commodity Futures Trading Commission.

Index participations that were developed as a response to the stock market crash in October 1987, represent trading in baskets of shares. The PHLX has changed provisions for cashing in the contracts, basing the "cash-out" price on the market's opening price on the day of the refund instead of the closing price. The exchange has also eliminated the ½ per cent penalty of the basket price that the customer had to pay for cashing out.

Mr Nicholas Giordano, PHLX president, said he was also working with other exchanges to push for a change in the law that sets down the differences between stock and commodities products.

The American Stock Exchange and the Chicago Board Options Exchange were also affected by the ruling on index participations.

Mr Giordano said the exchanges were looking to the Securities and Exchange Commission to take an appeal on the ruling to the US Supreme Court. The SEC should make a decision before the end of the year.

The PHLX has the option of trading its index participations as futures contracts on its Board of Trade subsidiary which is regulated by the CFTC. However, Mr Giordano says the index participations are aimed at individual investors who would have little access to them if they were traded as commodities products.

Hylsa makes sharp cut in foreign debt

By Richard Johns in Mexico City

HYLSA, the steel-producing affiliate of the Mexican conglomerate Grupo Alfa, has sharply reduced its foreign debt under a refinancing and prepayment package.

Debt fell from $574m in April 1988 to $151m at the end of last month. The reduction was achieved mainly by buying back $280m in the secondary market at a 60 per cent discount at a cost of $112m, said Mr Ernesto Ortiz Lambreton, Hylsa's finance director.

The balance was reduced at close to face value at a cost of $118m under an agreement arranged by J.P. Morgan and concluded with creditor banks in New York late last month.

The refinancing and prepayment follows a debt restructuring last year under which 21 per cent of Hylsa's capital was issued to creditors following a debt write-down from $1.2bn to $574m.

"In total, Hylsa spent some 544bn pesos, or in terms of dollars some $237m, to cover liabilities of $405m, which implies an overall discount of 42 per cent," Mr Ortiz said.

Debt had been halved from 40 per cent to 20 per cent of Hylsa's capital, he added. The reduction will increase Hylsa's freedom to raise money for expansion and modernisation.

India launches private sector venture fund

By R C Murthy in Bombay

INDIA'S first private sector venture capital company, Credit Capital Venture Fund (I), has been launched in Bombay with Rs180m ($5.5m) capital. The venture capital fund was promoted by Credit Capital Finance Corporation, in which Lazard Brothers of the UK has a 25 per cent stake.

Development Capital Group, a Lazard subsidiary, will provide technical support.

Mr M. Narasimham, chairman of CVF, said the fund will meet the risk capital needs of western and northern India. Three state-owned venture funds – two in south India and the other at Ahmedabad in the western state of Gujarat – have been in operation for a couple of years.

Commonwealth Development Corporation of the UK and the Asian Development Bank have taken equity of Rs15m each, while Credit Capital Finance, the main promoter, Rs20m and Bank of India, a state-owned commercial bank Rs21m.

Treasuries post modest losses at mid-session

By Janet Bush in New York and Rachel Johnson in London

US TREASURIES responded negatively to yesterday's trade figures for September and posted modest losses at mid-session.

The benchmark long bond was quoted ⅜ point lower for a yield of 7.88 per cent.

The Commerce Department reported a merchandise trade deficit in September of $7.94bn, the lowest monthly shortfall since December, 1984. August's deficit of $10.8bn was revised down to $10.1bn.

The substantial narrowing in the deficit in September was due to a 1.9 per cent increase in exports and a 3.9 per cent decline in imports.

The bond market chose to concentrate on the rise in exports which suggests that exporters are continuing to lend some support to the manufacturing sector of the economy. Exports in August were revised higher by $200m.

Bond traders appeared not to take as much notice of the fall in imports which could be

GOVERNMENT BONDS

interpreted as showing that demand is weakening.

The dollar was boosted by the trade news but the US Federal Reserve was reported to have been attempting to stop the US currency rising above Y144.00. At mid-session, the dollar was quoted at this level exactly compared with an earlier low of Y143.45.

The bond market is still trying to ascertain exactly where the Fed is currently targeting the Fed funds rate. It opened at 8¾ per cent on the first day of the new statement fortnight, but then slipped to 8⅝ per cent.

The debate is a fairly arcane one about whether the bottom end of the Fed's target range is 8½ per cent or 8¾ per cent.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	104-09	-8/32	11.87	11.48	11.46
		9.750	1/98	94-27	-8/32	10.71	10.59	10.56
		9.000	10/08	93-08	-13/32	9.79	9.67	9.58
US TREASURY *		8.000	8/99	100-29	+8/32	7.86	7.84	7.95
		8.125	8/19	102-27	+6/32	7.87	7.86	7.96
JAPAN	No 111	4.600	6/98	94-24	-0.110	5.50	5.49	5.25
	No 2	5.700	3/07	101.5951	-	5.52	5.45	5.18
GERMANY		6.750	6/99	95.5000	-0.100	7.42	7.20	6.99
FRANCE	BTAN	8.000	7/94	94.1463	-0.259	9.59	9.40	9.22
	OAT	8.125	5/99	94.3700	-0.170	9.01	8.89	8.76
CANADA *		9.500	10/98	100.2500	-0.063	9.45	9.42	9.48
NETHERLANDS		7.250	7/99	96.6000	-0.170	7.77	7.62	7.46
AUSTRALIA		12.000	7/99	93.2030	+0.307	13.26	13.36	13.63

London closing, *denotes New York morning session
Yields: Local market standard — Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

Some bond market analysts said the modest price drops yesterday morning had only a modest amount to do with the trade release. Prices had been trading towards the top end of their current range for about a week and looked vulnerable to minor profit-taking.

■ UK GOVERNMENT bonds fell almost ¼ percentage point yesterday in disappointment at the latest round of economic data. Traders also reported "a couple of big sellers" which helped explain falls.

Although unemployment continued to drop, the evidence of a slowdown in the economy from retail and industrial production figures seemed to hit home for the first time, even though Wednesday's Autumn Statement had given gilts ample reason to move down the day before.

But yesterday's rises in both underlying earnings and unit costs were a particular cause of concern. The negative impact was most marked for stocks with about 10-year maturities.

A benchmark Treasury stock, the 9 per cent due 2008, fell by 13 ticks to yield 9.79 per cent. At the shorter end, bonds fell by five to eight ticks. The 13.5 per cent 1992 bond fell ¼ to a price of 104.09.

■ IN GERMANY, uncertainty dominated trading after the bund market opened slightly firmer. The market was quiet, and closed 10 pfennigs down on the day's trade after a bearish response to economic figures from the US.

Although both cash and futures were quiet, eight-year bunds were the focus of some buying interest as they had begun to look cheap. Politically, the market remains unsettled and anxious about the economic impact of recent events. But the boost the events are likely to give Chancellor Kohl's standing as leader injected a note of confidence.

● SEK, the Swedish export credit agency, has arranged a $750m US medium-term note programme, including the explicit option to index the notes' redemption price to commodity prices and currency movements.

Merrill Lynch arranged the programme.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. — Closing prices on November 16

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alberta 9¾ 95	600	104⅜	104⅞	+0⅛	+0½	8.35
Austria 9¾ 93	140	103⅛	103⅝	+0⅛	+0½	8.39
B.F.C.E. 8⅞ 94	175	99⅞	100⅜	0	+0⅛	8.39
B.F.C.E. 9¾ 95	150	103½	104	+0⅛	+0⅜	8.43
Brit. Tel. Fin. 9⅝ 98	250	104½	105	+0¼	+0¼	8.59
[illegible]						
Prov. Newfoundland 5 03	150	†86½	87½	+0⅛	-0½	6.43
Thailand 4⅝ 95	200	†86½	87½	+0½	+0½	7.52
World Bank 5 03	150	†87	88	+0½	+0¾	6.39

Average price change... On day +0⅛ on week -0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6⅛ 91	80	99⅞	100⅛	-0⅛	-0⅛	6.09
Canada 5⅝ 93	80	98⅝	98⅞	+0⅛	-0⅛	6.00
Eurofima 5 1995	20	95⅛	95⅝	0	-0⅛	6.02
E.I.B. 4⅞ 93	30	96⅛	96⅝	0	0	6.07
Ireland 5⅛ 93	30	96⅛	96⅞	0	-0⅛	6.23
[illegible]						

[illegible]

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Merrill issue faces sticky passage

By Andrew Freeman

THE FIXED-PRICE reoffered method of syndicating new Eurobond issues faces its fiercest test this morning when Merrill Lynch plans to price and launch a $500m five-year deal for General Motors Acceptance Corporation (GMAC).

The issue was announced for pricing discussion yesterday

INTERNATIONAL BONDS

morning, with Merrill sounding out its eight co-managers (among them Nomura, Paribas, Salomon Brothers, UBS Phillips & Drew, Morgan Stanley and Bankers Trust) about a launch spread over US Treasuries of between 80 and 85 basis points.

By late afternoon, it appeared to be on the ropes, reeling from comments that there was minimal demand from an investor base which thought the spread would only widen after launch.

Merrill hotly denied suggestions that the deal was in trouble and said there had been no complaints from the syndicate about the likely spread of 85 basis points. An official said substantial sales had been made to institutional investors and that Merrill was confident the issue would be a success.

However, several members of the elite group of co-managers reported little interest and said clients found the issue size too large for a corporate borrower and the indicated terms too tight. One syndicate manager said there was demand at a wider spread of around 90 basis points over Treasuries, and others agreed the package needed to be more generous. Fees were 25 basis points.

This is the first time price negotiations have proved sticky on a fixed-price Eurobond deal. Other such deals have caused comment because banks felt the lead manager did not seek a consensus before launching the bonds, but in this case Merrill said it was looking for a consensus.

If the syndicate proves obdurate that a spread of 85 basis points is too tight, and given that it would be an unacceptable move to pull the issue, Merrill faces the choice of putting more money on the table or asking certain houses to leave the deal.

In such circumstances, the fixed-price structure might prove a handicap. Traders said yesterday that a smaller traditional deal, with the indicated spread at less full fees, would have sold relatively easily. But the fixed-price method means that any extra funds are seen to come from the borrower which has to pay more for the privilege of tapping the market. When the purpose of doing a large, liquid deal is to reduce long-term funding costs for the borrower, a fixed-price issue can seem a dangerous gamble.

GMAC did a roadshow for European investors two weeks ago to lay the ground for yesterday's deal. It is one of the most frequent corporate borrowers on the Euromarkets, and a name well known to investors, but this is its first experiment with a syndication method so far used mainly by sovereign borrowers.

A GMAC official said the decision to do such a large deal had been taken after persistent requests from investors that they would like more liquid issues. The official defended the pricing, saying there was effectively a GMAC yield curve in the market and that the new bonds offered fair terms.

Elsewhere, Wood Gundy brought a C$100m two-year issue for Canadian Imperial Bank of Commerce. The bonds carried an 11⅝ per cent coupon and were priced at 101.65 to offer investors a yield of 63.5 basis points over Canadian government bonds. The lead manager said the bonds were trading on full fees at less 1⅝ bid, and that retail demand had been evident following the successful Toronto Dominion Bank issue last week. The proceeds were unswapped.

Salomon Brothers was the lead manager of a two-tranche mortgage-backed deal for TMC PIMBS Third Financing No.4. The tranches are backed by the same pool of mortgages, and divide between fast and slow repayments. The A tranche was reoffered to investers at 99.97, implying a discounted margin over Libor of 20 basis points, while the B tranche came at 99.80 to give a discounted margin of 30 basis points. A Salomon official said the market for sterling-denominated floating-rate issues was sticky, but added that the split structure was attracting demand.

In Germany yesterday, prices of supranational issues had a steady morning, but fell away in the afternoon, losing 15-20 pfennigs as the bund futures contract gave ground.

The European Investment Bank DM400m 7½ per cent deal launched on Wednesday was quoted at 99.05 bid in the morning, but closed around 98.95 bid, inside full fees of 1¾ per cent.

In Switzerland, Swiss Bank Corporation won a competitive mandate for an 11-year SFr125m fixed-rate deal for Electricité de France. The bonds carried a 6¾ per cent coupon and were trading at less 1⅞ bid, inside fees to co-managers. SBC said over half the deal was quickly placed.

The Aegon SFr75m deal improved in the grey market from less 1¼ bid to less ½ bid as demand picked up and short positions were covered.

● Merrill Lynch issued the latest of a series of variable-rate note (VRN) issues for National Westminster Bank. The VRN structure qualifies as upper tier 2 capital under international adequacy rules. The £300m deal offered an initial coupon of ⅜ point over Libor.

● The World Bank said it intends to pre-pay its outstanding 99-year Canadian dollar floating-rate note issue on January 1 next year. C$200m will be repaid at par.

● The Heritable and General Investment Bank has signed a £70m revolving credit provided by a group of 20 banks, and arranged by Hill Samuel. The credit, with a maturity of almost four years, refinances an existing credit line and increases the committed funds available to the bank to allow it to increase its banking and mortgage-lending business.

● Polly Peck International, the diversified UK manufacturing and trading group, arranged a $35m cash facility through a syndicate of 10 banks led by Commonwealth Bank of Australia and United Mizrahi Bank, of Israel. This brings to $105m the funds raised by the two banks for Polly Peck this year.

● The European Commission has called for an end to interbank agreements on interest rates because they restrict competition in the same way as price cartels.

A commission spokesman said that Mr Leon Brittan, commissioner for competition policy and financial institutions, has written to the European Banking Federation demanding that such agreements be avoided or abandoned.

The letter says agreements determining certain interest rates at national level run counter to the objectives of the completion of the internal market.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
CANADIAN DOLLARS						
CIBC(London)(c)◆	100	11⅝	101.65	1991	1⅛/⅝	Wood Gundy
AUSTRALIAN DOLLARS						
Finance Co. S.Australia(c)◆	50	17⅛	101.95	1991	1¼/¾	CCF
STERLING						
National Westminster Bk(b)◆◆	300	(b)	100	2009	n/a	Merrill Lynch Int.
TMC PIMBS Third Fin.(d)(f)‡◆	150	(d)	100	2029	30/20bp	Salomon Brothers
TMC PIMBS Third Fin.(e)(f)‡◆	100	(e)	100	2029	13/3bp	Salomon Brothers
SWISS FRANCS						
Electricite de France(a)◆	125	6¾	102	2001	2⅜	SBC
YEN						
Montreal Trust Co.Canada(c)◆	10bn	6.4	101¼	1993	1⅜/⅞	Bk of Tokyo Capital Mkts
C'wealth Bk Australia(c)◆	10bn	6⅜	101¼	1993	1⅜/⅞	Nomura Int.

★Private placement. ◆Variable rate notes. ‡Floating rate notes. ◆Final terms. a) Call after 9 years at 102. b) Initial margin ⅜ over 3-month Libor, thereafter by agreement between NatWest and Merrill Lynch. If margin cannot be agreed investors will receive ⅜ over Libor years 1-5, ½ over years 6-10, ⅝ over years 11-15 and ¾ over thereafter. c) Non-callable. d) 25bp over 3-month Libor, rising to +50bp after 10 years. Average life 6½ years. e) 18bp over 3-month Libor, rising to +50bp after 4 years. Average life 1½ years. f) Call at par after 10 years. Call after 5 years if £25m or less is outstanding.

Investors sow seeds in US fields

American farming's lean years are over, writes Rachel Johnson

Foreign investors are buying into American agriculture. They now own 1 per cent – or 12.5m acres – of farmland in the US and are trusting that US farming's lean years spanning 1983 to 1987 are now over.

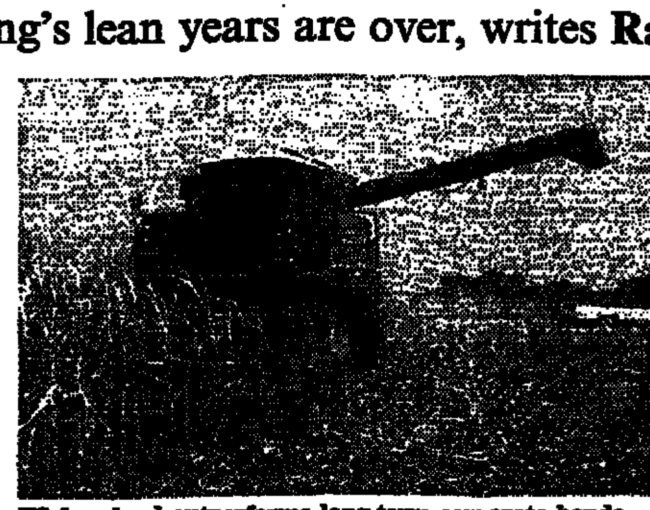
Even if they are not, there is evidence to show US farmland is a better long-term investment than business real estate. Measured from 1960 to 1988, farmland's annual total returns have outperformed the Standard and Poor's 500 index and long-term corporate bonds, according to research by Ibbotson Associates, a Chicago-based statistical analysis company.

Over long periods, farmland thus appears competitive with other assets, but there are two important caveats.

Ibbotson's figure of a compound yield of 9.67 per cent, fund managers stress, is not based on data of transactions, but on "historical appraisal." Although such appraisals are based on conservative estimates, they cannot rival transactional data for accuracy. The yield on US farmland today – worked out on the income generated by the farm and, to a greater extent, on capital gains made – is only 6 to 7 per cent. This is below present yields on government bonds.

Second, managers caution that farmland is more volatile than business real estate. In the short run, prices can drop sharply, and there are significant differences among the regions. Farming investment funds correspondingly require capital to be tied up for about 12 years or more.

This is nothing new to farmers. "What is true of a Californian valley will not be true of the Appalachian Mountains," says Mr Oliver Walston, a farmer and broadcaster based in Cambridgeshire in the UK. "Farmland is volatile, and the US is diverse. It's been moving up steadily, but unspectacularly," he adds – echoing Morgan Stanley's advice to "buy a farm, and get rich slowly but more surely."



US farmland outperforms long-term corporate bonds

Still, farmland comes with a buy recommendation from such institutions as Morgan Stanley and Prudential Bache. The message is to buy quickly, because land prices, already 20 to 25 per cent above their lows, are expected to rise further.

This is because American farmland has become more and more productive. "Agricultural prices are unique in that they march in step with agricultural prosperity," says Mr Walston.

In the lean years, farmland's investment yields were usually imagined to amount to less than the proverbial row of beans: the Farm Belt turns to Dust Bowl in bad drought and prime land is often overfarmed. Recently, to cap it all, the US has argued in the Uruguay round of General Agreement on Tariffs and Trade negotiations that farm subsidies should be phased out in 10 years.

The biggest factor in the 30 per cent decline in values in 1983-1987 was the sharp drop in net farm income from $34bn in 1973 to $13bn in 1983, according to the US Department of Agriculture. The biggest factor in their recovery, according to Mr Paul Greatbatch, US equity salesman at Prudential Bache, was the agricultural subsidies in the 1980s which enabled farmers to liquidate their debts.

The attractions of farmland investment are stated clearly by Mr David Gill, trustee director of the Batterymarch Boston-based investment adviser, which has a farmland investment arm, Batterymarch Agrivest, in Connecticut. Farmland provides a hedge against inflation, a diversified portfolio of properties by region and crop. Investment fund managers in France (Crédit Agricole), the US (Prudential Life) have already perceived these attractions.

Batterymarch Agrivest, however, is probably the biggest, currently managing 67 farms and $320m of funds. It also launched a 12-year farm fund last month, with a target size of $250m, which is due to close at the end of the year.

"Real estate is unlimited. Farmland is a commodity with a finite supply," says Mr Gill. Batterymarch Agrivest buys prime land, often adjacent to existing farms, for farmers to cultivate. The farmers pay a minimum or performance-related rent, observe company guidelines about the use of chemicals and intensive farming, and often manage economies of scale because of their expanded farms.

It manages farms from a discreet distance, and relies on prime land and effective management for its returns. The fund cannot interfere too much, otherwise the Department of Labor would complain that the investor was "in the business of farming" and should lose tax concessions as a result.

According to Mr Gill, "equity gives a better return than debt, and farmland is the same as equity." For Mr Walston's money, American farmland is a good investment because the agricultural recovery is due to continue for several more years at least.

The prospect of subsidies vanishing will not disturb the US farmer, says Mr Greatbatch. If it comes to survival of the fittest, the US farmer, big or small, will survive as long as he is not highly geared.

Agricultural recovery aside, the investor should not count his chickens until two public policy issues are resolved. Mr Marvin Duncan, head of the Farm Credit Association, says these are controlling volatile interest and exchange rates, and creating a free trade environment. If these are settled, US farmland would look even better.

Commodity futures body plans to ban dual trading

By Deborah Hargreaves

THE Commodity Futures Trading Commission has said it will soon ban dual trading of most busy futures contracts.

Dual trading is the well-established practice whereby brokers trade for their own and for customer accounts at the same time. It has been a controversial subject after the US Government probe into futures fraud on the Chicago exchanges.

The CFTC's report, which is due out today, is expected not to bear out the assertion by US futures exchanges that dual trading is important in providing liquidity and low-cost order execution.

A market reform bill under consideration by the US Congress would ban dual trading until exchanges can improve their audit trails for tracking trading abuse. The Chicago Mercantile Exchange has said it will restrict the practice until it can tighten its oversight.

The CFTC rule could go further in a plan to restrict dual trading without regard to exchange audit trails.

The proposal, expected to be issued by the agency in the next couple of weeks, is likely to cause much consternation among Chicago's futures community.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

FIXED INTEREST

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	0	92	10
Corporations, Dominion and Foreign Bonds	8	11	24
Industrials	354	351	898
Financial and Properties	198	105	372
Oils	33	21	40
Plantations	2	2	5
Mines	20	68	80
Others	93	43	125
Totals	708	693	1,554

LONDON RECENT ISSUES

FIXED INTEREST STOCKS

RIGHTS OFFERS

TRADITIONAL OPTIONS

● First Dealings Nov 6
● Last Dealings Nov 17
● Last Declarations Feb 8
● For settlement Feb 19

For rate indications see end of London Share Service

Calls in Regalian, S.W. Wood, Eurotunnel Units, UTC, Leisure Invs., Norex, Colorol, Grochvel, Kwik-Fit, Euro. Home Products, Fed. Housing, Walter Lawrence, Bus. Technology, PML, Pentland, Barclays. Put in Leisure Invs.

LONDON TRADED OPTIONS

THE LONDON options market was again dominated by trade in a handful of special situation stocks. The FT-SE 100 index option was thinly dealt, as the market remained uncertain about the UK economy's outlook after the Autumn Statement.

BAT was the most actively traded stock option, following reports that the Hoylake consortium is set to reveal a new bid, largely in cash, in an attempt to overcome a US regulatory setback. BAT's share price closed 7 higher at 798p, having traded 3.1m shares. Dealers said that underlying activity prompted writing of call options.

BAT traded 3,158 contracts, of which 1,644 were calls and 1,512 were puts. The November 800 call series was the busiest, and traded 1,005 contracts.

A 6 per cent rise in British Telecom's interim profits prompted brisk two-way options business. BT's share price closed 8½ higher at 267p and traded 13m shares. Of the larger option trades, one investor was reported to have bought 800 November 240 calls.

Dealers said the rise in BT's share price prompted implied volatility in BT call and put series' to rise. Implied volatility is a market measure of stock market volatility. BT traded 2,842 lots, of which 1,969 were calls and 873 were puts.

A strong 16 per cent rise in British Gas' half-time profits prompted some opening of new positions. British Gas's underlying security rose 7½ to 201½p and traded 16m shares. Of the more important transactions, dealers noted that 500 June 220 call options had been written, while the December 200 put was also actively traded. Total British Gas turnover stood at 2,565 contracts, of which 2,143 were calls and 410 were puts. The December 200 call was the busiest series, trading 1,174 contracts.

The FT-SE options index volume rose slightly to 5,097 lots. However, trading remained depressed as dealers weighed up the implications of the Autumn Statement and the latest US trade figures. Implied volatility in FT-SE calls and puts eased slightly.

Second quarter results benefit from freeze in pension contributions

British Telecom advances by 6%

By John Ridding

A FREEZE in pension contributions boosted second quarter profits at British Telecom, lifting pre-tax profits for the first half of the year from £1.24bn to £1.31bn, an increase of 6 per cent.

Analysts had forecast that the three months to the end of September would show little improvement over the £629m achieved last time because of higher interest charges and staff costs.

But a £46m fall in payments to the group's pension funds meant that the pre-tax figure rose to £678m (£629m). The shares rose 8.5p to close at 267p.

The National Communications Union, the biggest union at BT, reacted angrily to the freeze in the employer's contribution to the pension fund.

It said that the decision was taken without consultation with the company's four unions and that the fund surpluses should be used to the benefit of the schemes' members rather than to boost profits.

Mr Graeme Odgers, group managing director, said that it had been a "pretty satisfactory half year under the circumstances."

He said that the company had expected it to be a more difficult period because price increases could not be implemented until September and economic growth was slowing.

Turnover for the first half increased from £5.41bn to £5.95bn, with £3.03bn coming in the second quarter.

The half as a whole saw a 10 per cent increase in inland call volumes and a 12 per cent increase in international calls. However, the rate of increase was slower than in previous periods reflecting the slower growth of the UK economy.

Mr Odgers said that the price increases introduced at the beginning of September, which add about 3.2 per cent to the basket of main services, scarcely affected the period under review because of the billing cycle.

Total operating costs grew faster than turnover, increasing by 10.2 per cent to £4.42bn. This was after taking into account the pension freeze which resulted from actuarial valuations showing a surplus for the first time.

The company said that contributions to its larger, older pension scheme can be suspended at least until the next valuation in 1992 and that the benefit to profits for the full year would be about £150m.

Mr Odgers said that "we don't want the pension bonus to obscure the gains in labour productivity" which increased by about 7 per cent during the period.

Staff numbers remained constant, but a fall of about 1,000 out of the 200,000 core employees is expected by the year end. Overtime reductions were said to have had a "significant effect" on labour costs.

Overall, however, staff costs in the second quarter increased from £979m to £1.04bn. Part of the reason was the 9 per cent wage agreement which covers the bulk of the workforce and which came into effect in July.

Interest costs climbed sharply in the half year from £162m to £220m. This largely reflected the higher borrowings needed to finance its investment in McCaw Cellular Communications.

Capital expenditure amounted to £1.52bn (£1.24bn) in the half year and was principally used on digital exchanges, cables, cellular and other transmission equipment. The full year total is expected to be in excess of the £3bn spent last year.

Earnings per share in the second quarter increased from 6.7p to 7.4p and from 13.2p to 14.2p for the half year. The interim dividend is raised from 4.25p to 4.65p.

See Lex

British Gas lifts interim payout by 16.4%

By Steven Butler

BRITISH GAS yesterday announced a surprise increase in its interim dividend, lifting the half-year payment by 16.4 per cent to 3.2p. The news prompted a 7p rise in the company's shares to 201.5p.

Mr Robert Evans, chairman, said the basic dividend policy, which is based on current cost profits while ignoring unusual events in single years, was unchanged, but that the company had decided it could afford a higher level of payout.

British Gas intends to increase the payout ratio over the next few years, although Mr Evans refused to be drawn on specific ratios or targets the company had in mind.

Mr Allan Stucliffe, finance director, said that after two years of uncertainty caused by the privatisation and the monopolies investigation into the company, it now had a better chance to address its dividend policy.

Losses attributable to shareholders in the half year to October 1, on a current cost basis which eliminate the

Alan Harper

Robert Evans: company had decided it could afford a higher level of payout

effect of inventory losses and gains, were £118m compared to £113m last year. On a historical cost basis, there was a small profit of £2m compared to £23m last year.

The first half of the financial year is a poor indication of British Gas's full year performance, since it excludes the winter months when most of its sales take place. Operating costs, however, are spread more or less evenly throughout the year.

Sales rose from £2.64bn to £2.75bn in the half year. The loss per share was unchanged at 2.7p.

Mr Evans said that there was a 3.4 to 3.6 per cent growth in the underlying business, although actual gas sales were hit during the period by the warm weather. Turnover from gas sales rose by 1.4 per cent, with the weather offsetting effects of the increase in tariff prices.

In the industrial market, income fell by 5.5 per cent and sales volume by 1.9 per cent because of the effects of price schedules introduced in compliance with government decisions. British Gas was still estimating a full year loss in profits of £75m, within the range of £50m to £90m, because of the new schedules.

Activities in the oil exploration and production area, where the company has been making significant acquisitions, turned in a profit of £26m in the half year, after losing £8m in the same period last year.

See Lex

Baris set for USM debut with a £10m price tag

By Vanessa Houlder and Peter Berlin

BARIS HOLDINGS, a supplier of specialist services to the construction industry, is joining the Unlisted Securities Market via a placing that values it at £10.1m.

County NatWest is placing 2.88m shares at 142p each. Dealings are expected to start on November 23.

Baris designs, supplies and instals passive fire-protection, dry lining, fire barrier and thermal insulation systems for the construction industry.

Its products are designed for steel-framed construction which is becoming increasingly popular in commercial developments.

Baris carried out projects including Broadgate, the Imperial War Museum and the new terminal at Stansted Airport.

Mr Robert Smith, chairman and joint managing director, said that the market for fire-protection systems was buoyant and that the company had an order book worth £11m.

The company forecasts pre-tax profits for the year ending February 28 1990 of not less than £1.6m compared with £691,000 for the previous year.

The prospective p/e at the placing price is 9 and the notional dividend yield for the year to February 28 is 5.2 per cent.

Guernsey Press bid terms revised

By Jane Fuller

GUITON, publisher of the Jersey Evening Post, has decided to offer some cash to try to tempt shareholders in Guernsey Press, publisher of that island's evening newspaper, to accept its hostile bid.

The target's shareholders can now opt to receive 25 per cent of the offer – which is 102-for-100 on an all-share basis – in cash. The offer values Guernsey Press at about £15m.

Both companies' shares have gone up in price since the bid was launched on October 11 – Guiton's to 255p and Guernsey's to 240p. In a thin market, the shares are traded on a matched bargain basis.

Guiton's partial cash alternative is being financed by an issue of up to 5.5m shares, underwritten at 230p. The revised offer has been made after a tiny increase in acceptances between the first and second closing dates. By November 15 it owned or had received acceptances for 4.9 per cent. The next closing date is November 28.

Mr Frank Walker, Guiton's managing director, reiterated that a "merger" of the two companies had commercial logic. He estimated that the benefits of such a move would deliver an extra £750,000 a year in profit.

In the revised offer document, he calls upon Guernsey Press to provide information about its performance. The company's profits fell in the last financial year and no interim figures are published.

Guernsey Press said there was no breakdown of the additional profit that it was claimed the takeover would generate. It called for a full-year profit forecast for Guiton following its fall in interim profit.

MS acquisition

MS International, through its Hughes Precision Engineering subsidiary, has acquired from Linread the assets and undertaking of the bar turning business of Sileby Engineering, for a maximum £550,000 in cash.

The bar turning business, which makes specialist precision components principally supplied to the automotive industry, had a turnover of £1.95m in 1988.

GEC/Plessey

GEC and Siemens have acquired a further 7.58m ordinary shares (1.001 per cent) in Plessey bringing their total holding to 741.63m shares (97.968 per cent).

Superstore deal done as the 'fundamentals are slotting in'

Paul Cheeseright on Berish Berger's latest buy

MR BERISH BERGER yesterday pulled back back the curtains of discretion and emerged as the buyer in one of the largest retail property transactions seen on the British market, paying £140m for 17 Tesco stores and leasing them back again.

It was the biggest deal Land & Property Trust, his own company, has done and moved it into a different league. It raised the value of its portfolio from a little more than £300m to about £450m and gave it a wider geographical base.

Retail superstores have been a relatively neglected area of property investment. And that is what attracted Mr Berger.

He has tried to anticipate the market before, starting with industrial property investment in the early 1980s.

Now, as he put it, "the fundamentals are slotting in" for superstores. Land and construction costs have risen to the extent that it would be impossible to start from scratch and build them for less than he is buying them. The stores themselves are attracting higher levels of trade, if they are well-situated, and the investing institutions are just beginning to interest themselves in the sector.

Both Tesco and Mr Berger are tight-lipped about the details of the transaction, but Mr Berger appears to have bought the stores on a yield slightly higher than eight per cent, which will increase after the first rent review.

In effect, he won a quiet and private auction for the portfolio of stores. Healey and Baker, the surveyors acting for Tesco, tentatively sounded out a number of potential buyers and Mr Berger came top of the pile.

The privacy of the auction is very much in the style of Mr Berger and the older generations of his family, whose window on the public world is the quoted Palmerston Holdings, and who have built up what is assumed to be a massive portfolio of residential property, to be worth more than £1bn.

Mr Berger set out on his own. His interests are commercial property. He began by doing deals in the £500,000-£2m class ten years ago coming into the public eye in 1986 when, with Mr David Garrard, he bought Land Investors for £74m, signalling the departure of one of the 1960s class of entrepreneurs, Mr Jack Rose. Mr Berger then bought out Mr Garrard.

Now Land & Property Trust has a portfolio based on central London and, until yesterday, consisting largely of offices.

He tried to win control of London Shop, with its extensive holdings of secondary property, last January, but was outbid by Peel Holdings. The Tesco deal is a substitute, but in Mr Berger's view rather better.

"It's simpler, higher yielding. More importantly, secondary shops have had a history of growth. This one doesn't have that – we're looking forward to a period of growth."

Retail property is not exactly top of the investors' charts at the moment but there is a constant factor underpinning the stores of Tesco and its competitors: people have to eat.

Allied Irish Bank agrees Goodbody Capel purchase

By Katharine Campbell and David Lascelles

ALLIED IRISH Banks has agreed in principal to acquire Goodbody James Capel, Ireland's second largest stockbroker, for an undisclosed sum.

James Capel, the London stockbrokers who currently have a 35 per cent stake in the firm, will initially retain an interest of 20 per cent for a period of up to three years.

But the firm will continue an operating agreement with the enlarged group similar to its current two-way link with Goodbody after Allied Irish takes full control.

Allied's move follows the Bank of Ireland's acquisition last year of a 49 per cent of J&E Davy, Dublin's largest broking operation.

Under the Allied deal, which is awaiting approval from the appropriate regulatory authorities, Goodbody will be merged with Allied Irish's existing broking arm, Allied Irish Securities, and the corporate finance activities of Allied Irish Investment Bank.

The new group plans to develop its corporate finance capabilities as well as expanding Goodbody's existing private client business through the bank's branch network.

Dublin continues to be much more buoyant than the London market in terms of company flotations and other fund raising exercises, and the new entity intends to capitalise on this trend, according to Mr Ron Cudmore at Goodbody James Capel.

Outside the confines of the increasingly competitive domestic market, there are plans to expand into Northern Ireland, where Goodbody has no presence to date, as well as into the UK.

Goodbody, which has a staff of 120 people, said it had built a roughly 25 per cent share of both the Irish gilt-edged securities market and the domestic equity market.

Allied Irish Securities, a home-grown securities business set up two years ago by the bank, is a considerably more modest operation.

On Wednesday Allied Irish announced a 39 per cent increase in interim profits to I£110m (£100m) pre-tax in the six months to September 30.

Omnitech falls £48,000 into the red

By Jane Fuller

OMNITECH, the USM-quoted developer of packaging systems, ran up a pre-tax loss of £48,000 for the year to July 31 on a turnover of £538,000.

The company also announced that it had placed £3m via 12 per cent convertible unsecured loan stock, 2000, subject to an open offer to shareholders on the basis of £3 nominal of stock for every 20 ordinary shares held.

For the 1987-88 year Omnitech returned a profit of £18,000 on turnover of £127,000. For the past year operating profit and other operating income totalling £34,000 were reduced by net interest payments of £62,000 and a £20,000 exceptional item. The latter related to the return of a commitment to a UK distributor following the cancellation of a distribution agreement.

Omnitech said it had been a year of development, including of a range of horizontal wrapping machinery. It had acquired a supplier of electronic controls and new premises.

Its customers include the confectionery companies Jacob Suchard and Toblerone.

UK COMPANY NEWS

Tough trading holds Burton rise to 5.7%

By Maggie Urry

Trevor Humphries

Sir Ralph Halpern: figures good in the circumstances

TOUGH RETAIL trading conditions held annual pre-tax profits at Sir Ralph Halpern's Burton Group to £223.8m, a gain of 5.7 per cent over the year to September 2. The shares fell 4p to 185p.

Sir Ralph, once the top paid British executive, saw his salary cut for the second year running. It fell by £97,000 to £899,000. His salary would have been even lower, according to the formula based on relative earnings per share growth, but for a one-off discretionary payment awarded by the group's non-executive directors.

Sir Ralph said he thought the figures were particularly good in the circumstances of slowing consumer spending growth. The group increased its share of the clothing market from 11.2 per cent to 13.2 per cent by aggressive promotions. However, he warned that 1990 was likely to be an even tougher year and trading "will get worse before it gets better".

Sales rose by 14.4 per cent to £1.82bn and trading profits by some 7 per cent to £244.6m, reflecting the policy of boosting volume rather than margins. The interest bill was £24.2m (£19.1m) after capitalising interest of £28m (£8.5m). The group does not provide for any extra interest which may become payable on its convertible bond. Excluding "other income" pre-tax profits rose only 5 per cent to £220.6m in 53 weeks compared with a 53 week period.

After a slightly lower tax rate, fully diluted earnings per share rose 5 per cent to 24.7p. A final dividend of 6.4p is proposed to give a total of 9.2p (8.4p) a rise of 9.5 per cent.

The retail division, including Debenhams department stores and eight multiple fashion businesses, saw sales rise by 10 per cent to £1.65bn. This reflected a 5 per cent increase in retail space, a 5 per cent volume rise in existing stores, and no price inflation. Retail trading profits were 1.8 per cent up at £184m.

Financial services, the store card operation, increased trading profits marginally to £24.8m. Property development profits rose 83 per cent to £26m.

Mr Gary O'Brien, deputy finance director, said year end debt was £346m, giving gearing of 47 per cent. If the Companies Bill goes through, he said, the group would have to consolidate its credit card business debt in the balance sheet. Adding the off-balance sheet property debt in too, would bring gearing up to 110 per cent, but this was purely cosmetic, Mr O'Brien said.

● COMMENT

There is something curious about an incentive scheme which gets overridden when times are hard. But Burton's management deserves applause for anticipating the difficult times and taking appropriate action early on, cutting costs as far as possible. There are still a lot of costs outside its control, though, such as rents, rates and, in spite of productivity improvements, wages. With trading conditions probably worse again in 1990, it seems inevitable that profits must fall. The unknown is the property development business, and 40 per cent of that is exposed to the weakening UK retail market. Taking £200m as a round number for current year profits, the prospective p/e is not much over 8. That looks miserly against the sector, even now, but there seems little prospect of it improving while the City is still unsure what Burton's figures really mean.

Reorganisation restricts advance at 600 Group

By Peter Berlin

THE EFFECTS of reorganising one of its largest subsidiaries kept profits at 600 Group stagnant at £4.42m in the six months to September 30.

The marginal advance from £4.32m for the machine tools, lasers and optics maker and distributor came on turnover of £77m (£68m).

The subsidiary, Colchester Lathe Company, which originally occupied three factories was consolidated on one site. The workforce was cut, new equipment installed and land freed for sale.

Mr Brian Carter, managing director, said the cost of the change had been higher than expected and late delivery of machinery had affected the production of a new line of lathes for several months. He said that there had been teething troubles with the new line but that the response from customers had been good and Colchester Lathe had a full order book for six months.

Profits included £650,000 from property sales. It also took a £768,000 charge below the line made up largely of the cost of winding down its turnkey operations in the Middle East, including its politically controversial operation in Iraq.

The interim dividend is maintained at 2.46p, payable from earnings of 5.8p (6p).

● COMMENT

The reorganisation at Colchester means 600 Group's latest figures present a somewhat blurred image of performance. The City trimmed full-year profit forecasts by £500,000 or so to just over £11m which means it still expects the second half to come up to previous expectations. The picture is further clouded by uncertainties over the pound and the direction of the UK economy. The domestic machine tool sector is holding up surprisingly well, whether this can continue is another matter. However, any fall in sterling will provide the company, 60 per cent of whose orders go abroad, with a boost, easily offsetting the damage to its five trading divisions, led by Sykes which imports machine tools from West Germany and Japan. This uncertainty is reflected in the unchanged dividend leaving the historic yield unchanged at 7.3 in what is traditionally a yield stock. The share price fell 3p to 110p which means, assuming profits of £11.2m, a p/e ratio of 7.8.

Fobel confirms poor half year with £0.59m deficit

AS EXPECTED when last year's final results were announced, Fobel International, the electronics and machinery manufacturer, reported a loss for the six months to June 30.

Mr Alan Leboff, chairman, said the problems of the previous year had carried over, but he thought that the UK subsidiaries should be trading profitably by the year-end.

On turnover lower at £10.1m (£12.25m) the company, which has interests in electrical and DIY goods, plastic moulding, dairy machinery and door manufacturing as well as electronic products, reported pre-tax losses of £592,000 (profits £668,000). Turnover for the Canadian associate was C$84.99m (£46m), against C$71.39m.

The loss per share was 4.04p (2.8p earnings). There is no interim dividend but the chairman hopes to be able to pay a final.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Bank of Ireland ......int	4♣	Dec 15	3*	-	9.375*
Benson ......fin	0.7	Jan 2	0.7	0.7	0.7
British Gas ......int	3.2	Mar 28	2.75	-	9
British Steel ......int	2.75	Jan 16	-	-	5
British Telecom ......int	4.85	Feb 12	4.25	-	10.5
Burton ......fin	6.4	Feb 16	6	9.2	8.4
Coloroll ......int	3.04	Jan 8	3.04	-	7.6
Fobel Intl ......int	nil	-	0.5	-	0.5
Heath (CE) ......int	7.5†	Jan 9	7.5	-	25.875
Locker (Thomas) ......int	0.5	Jan 2	0.375	-	1.425
Shires Invest ......int	3.75	Jan 31	3.35	-	15.5
600 Group ......int	2.46	Jan 15	2.46	-	6.2
Sketchley ......int	6.5	Jan 9	6.5	-	19
Thorn EMI ......int	8.5☆	Mar 2	7.5	-	27
Wellcome ......fin	3.75	Feb 1	2.6	5.05	3.6
Witan Invest ......int	1.625	-	1.3	-	3.125

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ☆Carries scrip option. ♣Irish currency.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Brown & Shipley, Cater Allen, Goldberg (A), Govett American Endeavour Fund, KCA Drilling, Personal Assets Trust, Shaw (Arthur), Waddington.
Finals- Blenheim Exhibitions, South Green.

FUTURE DATES

Interims-

Amber Industrial	Nov. 21
Anglo American Corp	Nov. 23
Mercury Asset Management	Nov. 21
VSEL Consortium	Nov. 24

Finals-

Anglo Irish Bank	Nov. 20
Archer (AJ)	Dec. 7
Fairline Boats	Nov. 28
Hanson	Nov. 29
MEPC	Nov. 30
Rank Hovis McDougall	Nov. 21
Saatchi & Saatchi	Dec. 6
Shani	Nov. 22
Union Steel Corp	Nov. 21

UK COMPANY NEWS

Hurricane Hugo blamed for £15m downturn at nine months

Royal Insurance declines to £125m

By Patrick Cockburn

ROYAL INSURANCE, the composite insurance company, yesterday reported a £14.9m fall in pre-tax profits to £125.1m for the nine months ended September 30 1989.

The results were largely in line with expectations except for £40m in estimated claims from Hurricane Hugo and £24m for subsidence claims in the UK.

A reduced tax charge, however, of £33.6m (£60.2m) left net profits 18.7 per cent ahead at £91.5m and earnings per share 2.9p higher at 19.1p.

Mr Ian Rushton, group chief executive, said that results in the US continued to be disappointing because heavy competition had pushed down premium rates. But he saw some indications that the string of catastrophes might in turn help to end the present downturn in the insurance cycle. Overall, losses in the US for the year so far totalled £77.9m compared to £65.9m in 1988.

In order to stem US losses there was no increase in premiums written in dollar terms because Royal is trying to avoid what it sees as under-priced business and to reduce the amount of business it does in California.

Elsewhere, the picture for Royal was much better. In the UK, pre-tax profits rose by 25 per cent to £134.2m. Premiums written increased by 11 per cent and investment income was up by 26 per cent reflecting high interest rates and better cash flow.

Referring to losses in the US, where Royal has 37 per cent of its premium income, Mr Rushton said that claims resulting from the San Francisco earthquake – which fall in the fourth quarter – were difficult to predict. At present, Royal had been advised of £4m in claims, but some buildings may have suffered structural damage and will have to come down pushing final losses up to £10m.

Despite Royal's reverses in the US, which had cut into its profits elsewhere, Mr Rushton denied yesterday that the company intended to withdraw from the US market or had held talks about the sale of its US interests.

In the UK, Royal said there was no real indication of any sharp drop in rates but on

Ian Rushton – results from US again disappointing

average they had fallen by 10-15 per cent since last year. It pointed to the main feature of the year as an improvement in the household account because of mild winter weather offsetting subsidence claims resulting from the hot summer.

The slump in the housing market produced a loss of £18.6m for Royal's estate agents – now slimmed down to 761 with most closures being in the London area – which managed 46,000 house sales in the first nine months.

● COMMENT

Royal's results contain few surprises apart from slightly worse than expected news from the US. In common with the other composites, General Accident and Commercial Union, the impact of Hurricane Hugo has been greater than first forecasts. Mr Rushton may be right in seeing indications that the string of catastrophes in the US mark a beginning of the end of the depression in rates but the signs are still contradictory. The market reflected the lack of real news in yesterday's results by leaving the shares almost where they had started the day at 474p. In the longer term, however, Hugo and San Francisco may mark the psychological turning point after which the market will take a more optimistic view of Royal's exposure in the US. The company should achieve pre-tax profits of £180m over the year with earnings per share of 27.1p, putting the shares on a prospective p/e of 17.5.

High interest rates behind CE Heath rise

By Patrick Cockburn

CE HEATH, the insurance broker, yesterday announced a 11 per cent increase in pre-tax profits to £10.61m for the six months to September 30.

Within group turnover of £49.47m (£42.17m) the brokerage showed an increase in turnover of 14 per cent to £36.2m. Mr Richard Fielding, chairman, said this was achieved despite very tough market conditions and falling premium rates.

This was compensated for by the strength of the dollar and other currencies against sterling and high interest rates. At the same time the company was able to increase business volume even though it was booked at lower premiums.

The company said it was too early to say if premium rates would strengthen in the wake of Hurricane Hugo and the San Francisco earthquake, which had come soon after the Piper Alpha disaster. But it added that there were already clear indications that higher premiums are being asked for and received at the top end of the reinsurance market.

Broking expenses rose by £4.4m to £27.5m but this was mainly the result of the acquisition of Cornwall & Stevens and a Heath's new oil and gas company. Ther were further expenses from the expansion of its provincial network and the Australian broking company.

Underwriting operations produced an increase in profits of 20 per cent to £6.8m.

To reduce borrowings the company has sold assets including the sale and lease-back of its headquarters in the Minories in the City of London.

Earnings pr share were 13p (12.7p) and the company is paying an unchanged interim dividend of 7.5p per share

● COMMENT

Heath's results are somewhat better than the market had expected and the share price is well supported. Gradually putting past troubles behind it the brokerage side made reasonable progress. The company was somewhat unlucky in the timing of the sale of its headquarters but it is optimistic that the insurance market in general may be improving. Profits for the year are likely to be £27.5m and earnings 35p per share.

COMPANY NEWS IN BRIEF

BOURNE END Properties has sold for £5.5m a part of the major portfolio of 19 properties acquired from Equity and Law in July at a cost of £16.25m. The sale comprised four leasehold investment properties producing net income of £321,000, reflecting a yield of under 6 per cent. Further disposals are expected.

BURNS-ANDERSON's Recruitment subsidiary has acquired the business and fixed assets of Femco for £664,000 cash. Femco is an employment agency based in Welyn Garden City, Herts. Its assets amount to £14,000. The vendor has warranted pre-tax profit for the nine months to September 30 of at least £147,000.

COMMUNITY HOSPITALS Group has sold its minority interest in Caldaire Independent Hospital to Kunick for £1.75m cash.

DIXONS has sold Satcare, its satellite receiver installation and maintenance business, to its management for approximately £1.2m – equal to nav.

ENGLAND (J) Group has acquired Mid Cornwall Plant Hire for £500,000 cash. Its pre-tax profits for the year to March 31 were £41,000 on a turnover of £1.85m. Net assets at that date were £193,000, but are believed to be understated.

HOWDEN GROUP is proposing to raise £2.28m by the issue of 2m new 25p ordinary shares. The new shares have been conditionally placed with institutional investors at 141p apiece. The issue represents 1.93 per cent of issued capital. Howden also has acquired Far East Drilling Consultants and Suppliers (Fedco) based in Hong Kong for an immediate payment of HK$14m (£1.13m) with further payments of up to HK$9.6m dependant on profits earned in period to April 30 1994.

JAGUAR COMMUNICATIONS has acquired Alpha Datasystems for an undisclosed amount in cash and shares.

JEYES HYGIENE: Offer from Unilever has been declared unconditional in all respects.

MORGAN GRENFELL preference shareholders have approved reduction in share premium account and variation in the conversion rights of the 5 per cent preference holders. High Court sanction to the reduction will be sought.

PAVILION LEISURE has raised £11m from the first phase of its commercial property portfolio disposal, and the programme should be completed by the end of the year.

PENINSULAR & Oriental has agreed to acquire Transcontinental (Rosslare) in Ireland which specialises in the movement of refrigerated and fast moving driver accompanied loads to the UK and the Continent. The acquisition will continue the development of P & O's Pan-European transport interests.

PORTER CHADBURN has acquired from the Receiver the assets and business of Compu-Lar which specialises in the design and manufacture of thermal transfer printer equipment. Consideration was £250,000, including expenses.

RAINE INDUSTRIES' offshoot Hassall Homes has not been affected by the softening in the housing market as much as had been feared. Mr Nigel Rudd, chairman, told the annual meeting that unit sales would be lower than in the previous year but progress on margins should result in higher profits.

SMITH (WH) has sold its interest in PS&E and TGS (Graphics) to DRG for £7.75m cash including repayment of £1.3m debt.

TDS CIRCUITS is in talks with a major electronics company which may lead to a significant new investment in TDS. Company said it was not yet possible to give any indication of the likely outcome or the terms on which an investment may be made. Pending outcome of talks, directors have requested suspension of shares.

WHITBREAD'S acquisition of the brewing interests of Boddington is not being referred to Monopolies Commission.

WYNDHAM GROUP has been awarded the Citroen franchise for the Newport, Gwent, area. Work has begun on building 16,050 sq ft of showrooms and workshops. Trading is expected to begin next March.

Stanhope on target with improvement to £15.6m

By Paul Cheeseright, Property Correspondent

STANHOPE PROPERTIES, the USM-quoted company controlled by Mr Stuart Lipton but one third owned by Olympia & York, lifted net assets to 207.6p per share at June 30, against 156.8p a year earlier.

The company, which, as a joint venturer, is engaged in some of the biggest property developments in central London like Broadgate in the City, made pre-tax profits of £15.57m compared with £12.58m in the previous year. The figures were in line with what the City had expected.

Stanhope's policy is the building up of assets, so it has a restrictive dividend policy. The payment is being maintained at 0.1p.

It is also taking a cautious view of the immediate prospects on the property market. Against a background of sharply rising land prices, Stanhope in its last financial year, added no new development projects to its portfolio, prefering instead to concentrate on existing projects.

But it remained confident about its own prospects, arguing that by producing high quality buildings for international customers it is less exposed to short term fluctuations on the British market.

In its last financial year the two main sources of income were its share of rental revenue from Broadgate and funds coming from the accrual of interest on funds made available for developments.

Stanhope has modest borrowing on its balance sheet. The greater part of its debt is in the form of non or limited recourse funds on particular projects where the borrowing is secured against rental income.

UK COMPANY NEWS

Wallcoverings and carpets lead the fall in sales as interest rates bite

Coloroll first half profits halved to £10m

By Jane Fuller

WORKERS AT two factories belonging to Coloroll, the home products group, felt the impact of a halving of the company's pre-tax profit when by being made redundant.

Taxable profit fell from £20.55m to £10.01m in the six months to September 30. The workforce is being cut by 800 through the closure of the Frome and Bicester carpet and furniture upholstery factories. More of the company's 8,000 to 9,000 jobs are expected to go in a drive to improve efficiency.

Mr John Ashcroft, chairman, whose salary trebled last year, said because his pay and that of other directors was "heavily related to profit preformance" they would see a significant reduction in remuneration.

Although turnover rose 16 per cent to £288.46m, there was little growth on a like-for-like basis. Earnings per share plummeted from 9.8p to 3.2p.

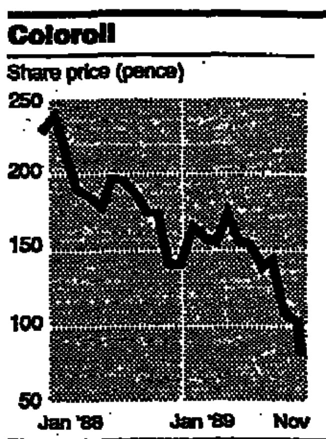
The pre-tax profit figure was matched by an interest payment of £10.01m, a 58 per cent increase on last time. At the end of the period, which included the sales of two businesses the debt stood at £103m and gearing at 75 per cent.

Even without the interest burden, trading profit fell by 25 per cent to £20.01m.

Mr Ashcroft said the recession from April to September was worse than the one experienced at the start of the decade because this time consumer demand had borne the brunt. "We have been stunned," he said.

Worst affected were wallcoverings, which lost 12 per cent of sales, and carpets, which saw an 8 per cent decline, as high interest rates and the hot weather deterred indoor improvements. Tableware, home furnishings and furniture saw some sales increase, but furniture started a sharp decline in August.

Mr Ashcroft said the management had worked on the assumption that interest rates would stay at 13 per cent in the first half and start to fall in the autumn. "When they went to 14 per cent, we implemented "condition red", including a ban on recruitment and tight control of stock."



John Ashcroft

The response to the 15 per cent rate was an "action plan" which included the factory closures, the possible sale of peripheral businesses, cutting capital spending from £20m this year to less than £10m next and reducing working capital.

Although advertising spending was being halved, the company hoped that a sales effort shared with retailers, such as the DIY chains, would help it to continue to gain UK market share.

The share price, which fell 12p in a day last week in anticipation of the disappointing results, slipped another 1p to 79p yesterday. A consolation for shareholders is that the interim dividend is again 3.04p.

● **COMMENT**

Dour is the word Mr Ashcroft used to characterise the coming 12 months and, after the excitement of the acquisitive years, it will need to be. In particular, if gearing is to be reduced to the company's 55 per cent target by March 31, the efficiency drive must bite beyond Frome and Bicester. It is difficult to imagine that there is great scope for paying suppliers later and chasing debtors harder. In a business which, to its credit, has no obviously incongruous parts, finding "peripherals" to sell would be a sign of just how bad things had got. In its favour, the company has some attractive products and has increased market share. So if it can hang in there until, perhaps, a pre-election upturn, prospects look brighter. A full-year profit forecast of £25m gives a prospective multiple of about 10. It may be premature to buy solely for recovery, but the yield is decent and if things get worse, a predator may be attracted by the brands.

Licence for casino will help Leisure disposals

By Jean Marshall

LEISURE Investments announced yesterday that the gaming licence of the Aspinall Curzon casino has been renewed.

Since April there has been speculation about possible objections to the renewal following a Gaming Board review, and the licence application had been adjourned on three previous occasions.

The company is pulling out of the casino business and Mr Edward Vandyk, chief executive, said that the licence renewal would ease the sale of its remaining casinos.

Negotiations are at an advanced stage for the sale of its two London businesses – the Barracuda Club in Baker Street and The Aspinall Curzon, the building freehold of which has already been sold for £40m. On top of this, the two businesses are expected to fetch at least £20m.

Offers have also been received for its overseas casinos in Istanbul and Cairo, and the one in Gibraltar is being marketed.

Mr Vandyk said he was aiming for Leisure to be out of the casino business by the end of the year, but only on terms advantageous to shareholders.

The company would then concentrate on its two other areas of activity, health centres and mobile homes.

Mr Stephen Forsyth, who resigned as chairman earlier this month, acquired the casinos for the group late last year with the purchase of LandLeisure for £170m from Mr Peter de Savary.

Difficult trading conditions and a high level of debt led to the decision to withdraw from the sector.

Sketchley profits fall as hot summer takes its toll

By John Ridding

SKETCHLEY, the dry cleaning, vending, and workwear rental group yesterday announced a sharp fall in pre-tax profits from £7.2m to £5.41m for the six months to the end of September. The shares fell 14p to 353p.

Mr Malcolm Glenn, chairman, said that "these results must be regarded as disappointing and fall short of the board's earlier expectations."

The company had warned earlier this year that the long hot summer was significantly depressing dry cleaning sales and profits. In the event, the hot weather also reduced demand for higher value ingredients in the vending business which further suffered as a result of lower than expected machine sales.

However, Mr Glenn said that trading in the dry cleaning shops has now improved substantially and further profitable growth is expected in textile services. Overall, he said that the group was "looking forward to more satisfactory results for the second half."

Of the group's five activities, only two, textile services and the property division increased profits in the period.

In the consumer services division, operating profits fell from £2.89m to £2.32m, despite the addition of 37 new shops. The company claims that the hot weather not only affected people's shopping habits but also prompted them to wear the type of clothes easily washed at home.

The vending and catering division saw profits fall from £2.59m to £1.8m. The company says that business activity is now improving with machine sales growing and the ingredients business back to expected trading levels.

The office services division suffered from an increasingly competitive market for computer peripherals, such as printers, and margins were squeezed sharply. As a result, divisional profits nearly halved from £1.11m to £609,000.

By contrast, the textile services division, which rents and cleans workwear, saw profits grow from £1.97m to £2.99m. The property division also improved profits, from £563,000 to £1.19m.

Turnover for the period increased from £84.94m to £92.2m. Earnings per share fell from 14.9p to 11p. The interim dividend is maintained at 6.5p.

● **COMMENT**

Sketchley clearly hasn't turned the corner. Last year's encouraging results now appear more of an anomaly than the first step in an upward trend and its improved standing in the City will have suffered a knock as a result of yesterday's depressing numbers. The situation is arguably worse than the 25 per cent fall in profits would suggest. For while there is scope for recovery, and the dry cleaning and vending operations are already looking healthier, the first half figures raise a question mark over some of the earnings. In particular, plant closure costs have been taken below the line and property profits again provided a much needed boost on the opposite side. Analysts have cut forecasts from £19m to about £15m placing shares on a prospective multiple of 12. This is likely to fall but will soon meet support from a fairly generous yield and the possibility that a predator may be aroused.

Brierley raises holding in William Low to 13%

By Nikki Tait

IEP SECURITIES, part of Sir Ron Brierley's group of companies, has raised its stake in William Low, the Scottish food retailer, to 5.1m shares or 13.01 per cent.

IEP's last disclosed stake stood at just over 10 per cent. However, there was some relatively heavy trading volume in Low's shares at the end of last week, and some analysts had speculated that IEP might be buying.

The group said yesterday that it had always believed Low was a good investment – a company being acquired by Brierley Investments first revealed a stake two years ago – and that, in a relatively tight market, some sellers had emerged. Accordingly, it had raised its holding.

IEP, meanwhile, retains its seven per cent holding in Budgens, the supermarket chain which agreed to bid terms from Low but then saw the Scottish company back out of the deal.

IEP's interest in Budgens was picked up after the bid was announced but before the bid was aborted. Its purchase was generally seen as a means by which IEP could maintain its holding in Low, had the deal gone through.

COMPANY NEWS IN BRIEF

AMBER INDUSTRIAL: The £4.71m one-for-two open offer closed on November 10. Of the 1.3m ordinary offered to shareholders, 186,946 were placed firm with institutional investors. Of the balance, valid applications had been received in respect of 1.04m (79.5 per cent) while the remainder will be taken up in accordance with the placing arrangements. The acquisition of Servo-Chem and Formal Blending completed subject only to dealings commencing in the new ordinary.

ARMSTRONG EQUIPMENT: offer by Caparo for outstanding shares has become unconditional. Final offer and partial loan note alternative remain open until December 8.

EXPLORATION CO Louisiana: Total revenue for third quarter to September 30 was $2.32m (£1.46m) compared with $1.99m. Net income $317,000 ($495,000) giving net income per common and common equivalent share of nil (1 cent). Total revenue for nine months $6.56m ($6.35m) and income per share 1 cent (2 cents).

FLOGAS: Rights issue result revealed acceptances received in respect of 4.26m new ordinary shares (98.27 per cent).

GLOBAL GROUP has sold its Global Rawson subsidiary for about £275,000 cash, provided that net assets at completion are £170,000. Global Rawson is a wholesale pig butcher and in the year to May 31 1989 made a loss before tax of £151,000 on turnover of £8m.

GREAT PORTLAND Estates has bought from Lexington Securities a 60,000 sq ft office building in Peterborough for about £5m cash. It is let to Perkins Engines Group at £300,000 per annum.

MARLING INDUSTRIES has acquired Leonesa de Carrocerias Inoxidable (Lecanox) based in Leon, Spain, a manufacturer of Tautliner trailer bodies.

RENTOKIL has acquired Sinclair Hire Plants of Auckland for NZ$960,000 (£355,000) cash. The company will be the basis for formation of a new Rentokil tropical plant division in New Zealand.

ROSS CATHERALL: Holders representing 96.3 per cent of capital have accepted offer from Vickers, which has been declared unconditional and stays open until December 5.

SHERATON SECURITIES International: offers for ordinary and A ordinary shares of Malvern now unconditional in all respects, and remain open.

SHIRES INVESTMENT reported net asset value higher at 265.4p, at September 30 against 240.3p a year earlier. Net revenue for the six months to the end of September was £1.76m (£1.34m) for earnings per share of 10.98p (8.51p) or 9.06p (7.72p) fully diluted. A second interim dividend of 3.75p (3.35p) has been declared.

WSP has acquired Jenner Baldock, a Surrey-based insurance broker, for an initial £255,000 cash, and £75,000 in shares payable in three equal instalments; there is also profit-related deferred payment up to £200,000 in shares. In 1988 Jenner Baldock made a profit of £26,000 pre-tax; net assets were £110,000.

Construction disposals at Epicure

In line with its declared strategy of developing its manufacturing and engineering interests and disposing of non-core activities, Epicure Industries has sold four businesses which make up the bulk of its construction division.

DF Blanchard, Toynbee, Tyrrell Contractors (Heckington) and Trevor Wallis have ben sold to Colas Roads for £2.32m cash. In addition, inter-company loans totalling £518,000 have been repaid and Epicure will also receive consultancy fees from Colas of £250,000 a year for the two years ending December 1990.

For the 12 months ended December 31 1988 the four companies contributed profits of £222,943 (£47,000 losses) pre-tax on turnover of £7.75m (£6.91m). Total net assets at that date amounted to £612,000.

Mr Hakan Hammarqvist, chairman, said the proceeds of the sale had been used to reduce borrowings.

Halma makes US purchase

Halma has paid $3.8m (£2.4m) cash for the business assets of Guyan Electric Co, a division of the Guyan Machinery Co of West Virginia.

In addition, Halma will pay the vendors consultancy fees and non-competition payments amounting to $1.4m over a period between completion and March 1993.

Guyan is a maker of heavy duty electrical resistors and management accounts for 1988 showed sales at $3.24m and pre-tax profits of $580,000. Tangible assets acquired totalled $2.5m.

EW Fact purchase

EW Fact, the USM quoted group whose principal activity is the tuition and publication of texts for students preparing for professional examinations, is acquiring The Regent Group, which is involved in the provision of training and placement services for industry and commerce. The initial consideration of £400,000, is to be satisfied by the issue of 250,000 new EW Fact ordinary, of which 106,000 will be retained by the vendors.

Tarmac expands with £45m Crown House buy

By Peter Berlin

TARMAC, the broadly based construction and building materials group, has purchased Crown House Engineering, a mechanical and electrical engineering group, for a maximum £45m.

The payment comprises £26.4m cash and additional payments of up to £18.75m spread over four years and related to the achievement of profit targets.

The acquisition represents a move by Tarmac to expand its range of services.

The company said: "We build the shell extremely well but there is an awful lot of sophisticated kit that goes into the shell that is extremely profitable. This is the logical next step."

In the year to March 1989 Crown House reported pre-tax profits of £3.6m on turnover of £154m and had assets of £12.4m.

Mr Brian Boyes, who led a management buy-out which bought Crown House from Coloroll for £36m in 1987, will continue as chairman of Crown House

International contribution exceeds the UK for first time

Thorn EMI advances to £108m

By Andrew Bolger

THORN EMI, the music, lighting and technology group, yesterday announced an 11.6 per cent increase in pre-tax profits to £108m in the half-year to September 30. Turnover rose 14.8 per cent to £1.7bn.

Mr Colin Southgate, chairman and chief executive, said the resilience of the group's main businesses and the excellent contribution from acquisitions were encouraging, in spite of the uncertain economic environment.

He added: "For the first time, international profits exceeded the UK contribution and indeed represented more than 60 per cent of the total."

Star performer was the music division, which has been boosted by acquisitions. Turnover was up 33 per cent to £453m, but profits nearly tripled to £32.9m (£11.6m).

Less impressive was the largest division, rental and retail, which saw a drop in profits to £65.1m (£66.3m) in spite of a 12.2 per cent increase in turnover to £680m (606m).

The biggest problem is Rumbelows, the electrical goods chain which was restructured in the summer and lost between £14m and £15m in the first half. Mr Southgate said it should be trading profitably by the end of the year in spite of what he described as "the exceptionally tough UK brown goods market."

Trevor Humphries

Colin Southgate: music division proved to be star performer

Thorn said it had successfully maintained prices in UK rentals, and initiatives to broaden the range of items it rents – involving satellite TV and white goods such as washing machines – showed great promise.

Mr Southgate said: "Lighting has made progress, although profit would have been higher in the first half were it not for the disruptions caused by the restructuring of its UK distribution as well as the integration of the Australian lighting businesses acquired last year."

Earnings rose 13.3 per cent to 23p (20.3p) and the interim dividend is being stepped up by 1p to 8.5p.

Thorn announced the appointment of Mr Michael Metcalf as group finance director to succeed Mr Robert Nellist, who is to pursue private business interests.

● **COMMENT**

Thorn's refocusing continues apace with the disposal of the Kenwood kitchen appliances business and its gas meter division, even if it has so far failed to find a buyer willing to pay £300m for its defence businesses. The music division seems to be in particularly good tune and the Wall Street fashion for valuing hidden intellectual property – such as the copyright to Thorn EMI's thousands of songs – has led some analysts to suggest the company would have a break-up value of anything from £12-£15 per share. They closed yesterday at 743p, down 3p. Full-year profits of £315m and earnings of 65p would put it on a prospective multiple of 11.5. Periodic bid speculation and continuing interest in the value of its music catalogue make Thorn seem a sound long-term hold. Horror stories from Britain's electrical retail stores may mean some investors cannot see past the problems at Rumbelows, but the group's increasingly international stance should help to keep such fears in perspective.

Unitech sells Veeco instruments division

By Alan Cane

UNITECH, the UK-based electronic components manufacturer, plans to sell the instruments division of its Veeco subsidiary for $29.2m (£18.4m) to a new company established by a group of senior Veeco managers.

The division produces a broad line of test instrumentation. It has, however, been only marginally profitable in recent years. In the eight months to June 3 it showed a pre-tax loss of $400,000.

The new company, Veeco Instruments Acquisition Corporation, will pay $27.2m cash together with the issue of a subordinated interest bearing note of $2m, 50 per cent payable at the end of five years and the balance at the end of six years.

According to Unitech the price is approximately equal to net assets of the division which in 1988 had sales of $42.8m and made pre-tax profits of $200,000.

Mr Peter Curry, chairman, said the company intended to concentrate on its traditional strengths in electrical components to build a network of businesses to supply customers on a global basis.

Buoyant domestic side helps Bank of Ireland top I£90m

By David Lascelles, Banking Editor

THE BANK of Ireland showed a rise in interim profits yesterday as its buoyant domestic business offset disappointing results abroad.

Pre-tax profits for the six months to September 30 were I£93.5m (£85m), up 8.5 per cent from I£86.2m in the same period last year.

After tax, profits were I£69.1m, 71 per cent ahead of last year's I£40.4m. The sharp difference between the pre and post tax figure was due to the impact of tax-privileged lending.

Mr Richard Keatinge, chief executive of UK operations, estimated that the group's underlying profits showed an increase of about 12 per cent. Earnings per share rose 57 per cent to 20p.

The results included for the first time a full contribution from First New Hampshire Banks, acquired last year. But FNH has been hurt by the slump in the New England real estate and high technology markets, and its profit of I£8.2m was below expectations.

Bank of Ireland's UK business turned in a disappointing I£9.5m, down from I£16.2m last year. This was due mainly to the interest rate squeeze in the mortgage and leasing markets where Bank of Ireland conducts much of its UK business.

Other divisional contributions included retail banking, I£52.7m (I£39.5m), corporate and international, I£35.9m (I£27m), and treasury and investment banking, I£10.7m (same).

Loan loss provisions rose to I£16.4m (I£12.2m), but this was mainly due to the inclusion of FNH provisions. In Ireland, itself, provisions went down. The Bank has sold off virtually all its Third World loans and now has an exposure of about $20m against which its provisions are about 50 per cent.

Although group costs rose sharply, this reflected the inclusion of FNH's costs as well. The underlying growth in costs was down to about 4 per cent, reflecting the benefits of a new drive to reduce staff costs.

The group's capital ratios are strong with Tier 1 at 6.5 per cent and total capital at 12 per cent, both comfortably exceeding the central bank minima.

The interim dividend is 4p, up from an adjusted 3p, the increase partly reflecting the board's wish to achieve a better balance between interim and final dividends.

Benson launches £2.1m rights to cut borrowings

A SHARP drop in pre-tax profits, from £1.11m to £630,000, was announced by Benson Group, maker of heaters, vehicle towing brackets and agricultural machinery, for the year to May 31 1989. The dividend is being held, however, at 0.7p.

The company also announced a 9-for-10 rights issue to raise £2.1m. Some 22.67m new ordinary shares will be issued at 10p each. Two directors have together undertaken to take up to 8m shares and the balance is underwritten.

The proceeds will initially be used to reduce borrowings, but the group also intends to use the banking facilities available to expand activities.

Directors said that some progress had been made in restructuring and integrating the agricultural division and that would remain a priority. The heating division had been affected by two mild winters, and, in the absence of a severe winter in the current year, was unlikely to make significant progress, they added.

Turnover advanced to £15.39m (£11.13m) but operating expenses less other income rose to £2.78m (£1.85m) and interest charges were higher at £340,000 (£66,000). Tax took £16,000 (£295,000), leaving earnings per share of 2.74p (3.84p).

Locker shows recovery

A 45 PER CENT expansion in interim profits was yesterday reported by Thomas Locker (Holdings), the specialist engineering group.

On turnover ahead 21 per cent to £20.54m (£16.94m), the pre-tax outcome for the six months to end-September recovered from last time's depressed £584,000 to £847,000. The latter figure was, however, still well short of the £1.04m achieved in the 1987 first half.

Mr Brian Pitchford, who is retiring as chairman at the end of January due to deteriorating health, said that orders booked for the six months were well ahead of the corresponding period of last year and orders on hand were standing at a high level.

Tax took £352,000 (£227,000), leaving earnings of 1.32p (0.79p) per 5p share. The interim dividend is increased from 0.375p to 0.5p, partly to reduce disparity.

Locker said it was committed to the restructuring of its Bakaware domestic and garden products subsidiary "with a view to its ultimate disposal as a viable trading unit." Costs will be taken below the line as an extraordinary item in the full year accounts.

COMPANY NOTICES

ELECTRICITY PRIVATISATION

As part of the Electricity Privatisation process, a Distribution Code is being prepared.

This Code covers technical aspects related to connections, the operation and the use of Public Electricity Suppliers' Distribution Systems.

The Code is now in the draft stage and any person requiring further details should write (enclosing an A4-sized envelope with return address) to:

The Electricity Council,
Room 4T1,
30, Millbank,
London SW1P 4RD.

within the next seven days.

LEGAL NOTICES

T W KEMPTON LIMITED

Registered number: 390081
Nature of business
Manufacturer of knitwear and leisurewear
Trade classification: 08
Date of appointment of joint administrative receivers
6 November 1989
Name of person appointing the joint administrative receivers
Midland Bank Plc as Trustee for the company's banks
JOHN FREDERICK POWELL and IAN NAPIER CARRUTHERS
Joint Administrative Receivers
(Office holder nos 240 and 814) of Cork Gully
Abacus House, 32 Friar Lane, Leicester
LE1 5RA

BUSINESS OPPORTUNITIES

Swiss Engineering Firm: Share capital Sfr. 1.000.000:- Looking for an well established company: Importing representing our prodct range on the UK market.

Applicant: Sales trade company with well organised distributionnetwork (nation wide)
Branch: Do it your self markets, Sanitary shops, public administration hotels, restaurant, etc.
Product A: Professional product
Product B: Consumer Model (Ready mars - 90)

Represented Markets: CH, A, D, NL, I, S, N, DK, SF.

SAN ENGINEERING, Seestrasse 87, 6052 Hergiswil - CH
Tel: Switzerland + 41 95.30.10
FAX: Switzerland + 41 95.31.50

GRANVILLE
SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E
343	295	Ass. Brit. Ind. Ordinary	337	0	10.3	3.1	9.1
38	26	Armitage and Rhodes	26	0	-	-	-
210	149	Bardon Group (SE)	161	0	4.3	2.7	15.6
125	102	Bardon Group Cv. Pref. (SE)	103	0	6.7	6.5	-
123	76	Bray Technologies	76	-1	5.9	7.8	6.7
110	104	Brenhill Conv. Pref	104	0	11.0	10.6	-
104	100	Brenhill 8¼% New C.C.R.P	103	0	11.0	10.7	-
305	285	CCL Group Ordinary	302	+2	14.7	4.9	3.7
176	168	CCL Group 11% Conv.Pref	173	0	14.7	8.5	-
225	140	Carbo Plc (SE)	210	0	7.6	3.6	12.4
110	109	Carbo 7.5% Pref (SE)	110	0	10.3	9.4	-
8	2	Magnet Gp Non-Voting A Cnv*	1.5sus	0	-	-	-
5	1	Magnet Gp Non-Voting B Cnv*	0.8sus	0	-	-	-
130	119	Isis Group	120	0	8.0	6.7	6.9
145	98	Jackson Group (SE)	108	0	3.6	3.3	12.6
322	261	Multihouse NV (AmstSE)	285	+3	-	-	-
158	98	Robert Jenkins	156	0	10.0	6.5	5.6
467	365	Scruttons	373	0	18.7	5.0	9.9
300	270	Torday & Carlisle	299	0	9.3	3.1	10.4
117	100	Torday & Carlisle Cnv Pref	104	0	10.7	10.3	-
122	78	Trevian Holdings (USM)	80	0	2.7	3.4	8.6
150	106	Unitrust Europe Conv Pref	150	0	9.3	6.2	-
395	355	Veterinary Drug Co. Ltd	360	0	22.0	6.1	9.4
370	320	W.S Yeates	320	-1	16.2	5.1	26.7

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These securities are dealt in strictly on a matched bargain basis. Neither Granville & Co. Limited nor Granville Davies Limited are market makers in these securities
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City relief about business rate

By Paul Cheeseright

NUMBER crunching in the City of London has shown that the impact of the imposition of the uniform business rate next April will not be as expensive for City office occupiers as many had feared.

That could be of some relief to the Bank of England which, in its latest quarterly bulletin, looked at London as an international financial centre and noted that accommodation "is more expensive than its main rivals other than Tokyo – a situation that is likely to be aggravated by introduction of the uniform business rate." This takes place on April 1 next year.

The Government estimates that the new rate will be levied at the rate of 36p in the pound on the basis of the first property revaluation since 1973.

The Bank's remarks were accompanied by figures from Weatherall Green & Smith, chartered surveyors. They showed that, in the dying days of the old system, rates for prime space were £16 a square foot, or to put it another way, 24.6 per cent of rent at £65 a square foot or 18 per cent of total recurrent costs of £88.25 a square foot.

In fact, there are not many City occupiers paying that sort of rent and the number, given the present state of the market, is not likely to increase much.

But Weatherall's proportions of rates to rent and running costs roughly hold good through different types of building in different localities through the City.

In order to reduce the impact of the new rate, the Government agreed that there should be a transitional period so that no rates bill would go up by more than 20 per cent, plus inflation, in any single year.

But the rise in City rates is such that very few users will actually need to use the transitional period. Baker Harris Saunders, chartered surveyors specialising in City property, has calculated that, on the basis of 36p in the pound and an inflation rate of 7.5 per cent, the rates for high specification City will not go up by more than £4 a square foot.

Take two examples from the Baker Harris computer. A building on the east side of the City centre, air conditioned, built after 1976 and attracting a rent of £57.50 a square foot is now paying rates of £16.65 a square foot. The maximum increase in the rates under the Government's transitional scheme would be £21.48 a square foot, but in fact the full rate is only £20.70. No transitional period is necessary.

Now a building on the northern fringe of the City. It is basic but centrally heated. The rent is £19.50 and the present rates are £8.34. The maximum the occupier would be expected to pay during the transition would be £8.18. Yet the full rate will be only £7.02. Again the transitional period does not apply.

The City then looks to be getting off lightly in the new rating system compared with, say, retailers down the Thames Valley.

One reason for this is the base of the revaluation. When the last one was carried out in 1973, City rents were running high and the market was booming. The valuation officers of the day simply set the valuations high. Probably too high as it turned out, because rental values fell in 1974 and did not return to 1973 levels until after 1980.

When, then, the 1988 revaluation came along there was not as much value to catch up on in the City as in some other areas. It is notable that, for example, the rate rises in the West End of London are higher, on the Baker Harris calculations, than in the City.

Yet the position in the City is by no means uniform. Herring Son & Daw, chartered surveyors and rating specialists, observed that the City fringe areas would be the most severely affected by the revaluation. In 1973 their rental levels were low anyway, but the expansion of the City from the mid-1980s has brought values up rapidly.

Outside the strict administrative boundaries of the City but still within its functional area, there will in fact be some reductions in rates bills. This is because of the existing high rates. The City rate during the last year of the old system is £1.64 to the pound but in the borough of Hackney, for example, it is 236p.

The Baker Harris forecast for rates in the boroughs of Islington, Hackney and Southwark is that they will go down by about £3 a square foot for high specification buildings. In Tower Hamlets, however, they will rise by £2.

The effect of all this on the City office market could be to give a further push to the swing in the market balance of power from landlord to tenant. With the overall effect on accommodation costs relatively modest, there is less need for occupiers looking for new space to sign up by April 1 1990 to gain benefit of the transitional arrangements.

Herring Son & Daw observed that although the rates are said to be a tax on the occupiers, they are actually a tax on landlords.

Occupiers, looking for space in a market where more choice is becoming available and where the availability of secondhand space is rising, can use the rates increase as a bargaining point to push down rents, so that their overall accommodation costs remain the same.

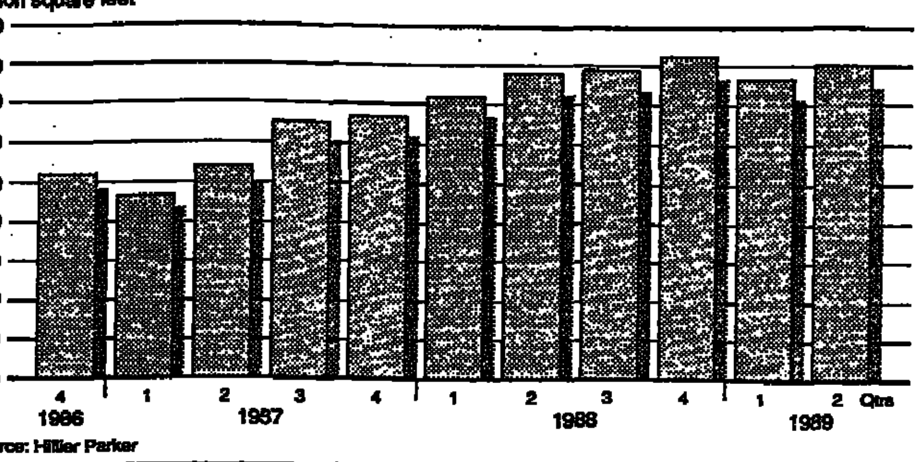
To this extent the effects of the new rate will be to exacerbate a trend which has already become apparent. On the market now there are still potential tenants about, but is common knowledge that leasing deals are taking longer to arrange and that the escalation of rents has stopped.

Newcomers to the City will probably take the new rating system in their stride. For a foreign bank, accommodation costs are a less important part of the total problem of establishing a presence than staff costs. There is still life after the introduction of the uniform business rate.

RENTAL GROWTH (%)

	Retail	Office	Industrial	All Property
Year to September 89	14.5	20.9	22.8	18.6
Quarter to September 89	3.1	4.3	7.1	4.2
Month of September 89	1.6	1.7	2.0	1.7

Source: Investment Property Databank



The new realism in the retail sector

THE BRITISH Council of Shopping Centres was more prescient than it might have realised when it dubbed the theme of its recent Harrogate conference "The New Realism." The conference knew about the downturn in retail sales. It did not know that Mr John Major, the Chancellor, would be so gloomy in his autumn statement.

So there is added point in the question that James Tuckey, managing director of MEPC, asked in his keynote address: consumer spending has risen but is there enough spending power to support all the new space?

The chart shows the calculations of Hillier Parker, chartered surveyors, on the amount of space in the pipeline – under construction, with planning consent and proposed. Not all of it will be built, "but whichever way you look at it, there is a massive amount of space coming on to the market in the short term," said Mr Tuckey.

He drew some conclusions from this. Location will be more important. The design of centres will be too. Operators will have to be careful about the tenants to whom they lease space – "we must get away from the boring repetitiveness which characterises so many of our centres." Tenants will be in a stronger bargaining position and management of centres will be much more important.

All of this constitutes a call for the retail developers to get their act together. This is doubly necessary if David Peek, shopping and leisure consultant is right, because, even in their own terms as retail selling machines, centres are not working very well.

Mr Peek's surveys have found that 40 per cent of the visitors to shopping centres do not buy anything and that 30 per cent of shopping centre tenants are visited by less than one per cent of the shoppers.

PROPERTY SURVEYS 1990

The list of Property Surveys published last Friday was incorrect.

An up to date programe will be published on 1 December.

Please accept our apologies for the inconvenience cause.

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PERSONAL

WIDOWED

and without any life insurance payment, Mrs H was left to raise three young children on her part-time earnings as a teacher. She moved to a smaller house and economised as far as she could: PCAC give regular help with the children's expenses, especially in the holidays. Please help PCAC to assist families like hers by sending a donation or making a legacy to Professional Classes Aid Council (2) 10 St. Christophers Place, London W1M 6HY.

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INTERNATIONAL PROPERTY

Breakthrough clears way for $330m nickel project

By Kenneth Gooding, Mining Correspondent

A US$330m project to produce 30,000 tonnes a year of some of the world's lowest-cost nickel was announced yesterday by Australian Consolidated Minerals and Outokumpu, the state-owned Finnish group.

They will form a joint venture to produce the metal from ACM's wholly-owned Mt Keith deposit in Western Australia and Outokumpu's facilities in Kokkola, Finland.

The partners said yesterday that the key to successful development of Mt Keith was a metallurgical breakthrough which they developed together. This effectively eliminated the traditional and costly middle stage of converting nickel concentrate into matte.

Thus ore could be processed into "a unique high-grade sulphide product free from impurities" which could be further upgraded into an attractive ferro-nickel product, custom designed as a feedstock for modern stainless steel makers, the partners claimed.

Outokumpu will buy a "significant tonnage" of the output from the joint venture for its Finnish stainless steel business, which produces about 200,000 tonnes a year. It will also arrange third-party sales for the balance and provide performance guarantees.

Mr Heikki Solin, president of Outokumpu Resources, the group's international mining arm, said Mt Keith was capable of supporting a much larger operation. The proposed output of 5m tonnes of ore a year could be trebled if necessary.

So the partners will hold discussions with other potential users of nickel concentrates and ferro-nickel to identify levels of demand. If additional contracts could be secured, the project would be expanded accordingly, he added.

Even at the planned 30,000 tonnes a year output the joint venture would add substantially to world nickel supplies. According to the World Bureau of Metal Statistics about 558,000 tonnes of refined nickel was produced last year, of which 280,000 tonnes was "class 2" material, a classification including ferro-nickel.

The partners plan an open pit mine at Mt Keith which contains an indicated resource estimated at 270m tonnes containing 0.6 per cent nickel, including an initial mining reserve of 100m tonnes with 0.63 per cent nickel.

Pilot-scale metallurgical test work at AMDEL in Australia has demonstrated that a high grade nickel concentrate, containing 20 per cent nickel, can be produced from the Mt Keith ore. In Finland Outokumpu has shown that this product can be smelted to produce commercially attractive ferro-nickel.

Milling and concentrating facilities will be built at the mine site and the concentrates shipped to Finland for roasting at Kokkola where new facilities, including an electric furnace to match existing roaster capacity, will be built to process the material into ferro-nickel.

Mr Solin said the partners aimed to complete a final feasibility study by June next year and it would then take about three years to reach full production.

● Inco is to finance a platinum project in southern Botswana currently owned by Molopo Australia, a small exploration company. By spending up to US$2.25m during the next two years Inco could earn a 50 per cent interest and by spending another $1.5m it could increase its stake to 60 per cent.

INCO, THE world's biggest nickel producer, bought 80m lbs (3,639 tonnes) of the metal on the London Metal Exchange this year to keep pace with demand, said Mr Don Phillips, the chairman, Reuter reports from Toronto.

If demand slowed next year the company would cut LME purchases but would expect to sell all the 430m lbs it planned to produce, he told investment analysts.

Inco had been able to squeeze its annual nickel output up to 430m lbs because of the flexibility of its Thompson Open Pit mine in Manitoba which had produced 230m lbs in the past three years compared with the previously planned 35m lbs a year for eight or nine years. The pit would be exhausted in 1990 and the company's output would fall slightly before expanding again to between 440m and 450m lbs in 1991 and 1992.

Mr Phillips predicted that world nickel supply next year would be little changed at 1.45bn lbs. Demand, which was 1.45bn lbs last year, was likely to be lower in the first half of 1990 but higher in the second six months, putting upward pressure on prices again.

Statistics move angers aluminium trade

By Kenneth Gooding

PRICE MOVEMENTS of aluminium on the London Metal Exchange are likely to become even more volatile following the decision of Alcoa (the Aluminium Company of America) to change the way it reports statistics, critics of the change claimed yesterday.

A huge row in the industry has been sparked off by Alcoa's decision to report its primary aluminium production and inventory figures to the International Primary Aluminium Institute (IPAI) quarterly instead of monthly.

"This is a thoroughly retrograde step," said Mr Philip Crowson, senior economic adviser at the RTZ Corporation.

He pointed out that the IPAI's monthly statistical reports had provided an invaluable guide to the state of the aluminium industry because every smelter in the non-communist world contributed. No other industry had such an advantage.

"Alcoa's decision might spell the death knell of the IPAI as a statistical collection agency," Mr Crowson declared. "Other companies might copy and that would have a very deleterious impact."

Alcoa, the world's biggest aluminium group, said the change had been made because it was concerned about the way traders and speculators had used the IPAI's monthly statistics to the disadvantage of the aluminium producers.

It wanted to preserve the IPAI's monthly data base but felt it would be better "if we did not report in such a timely way." Alcoa would continue to give the IPAI monthly statistics but would report only once a quarter.

Mr Crowson predicted Alcoa's decision would create much more volatility in the aluminium price on the London Metal Exchange than was previously associated with the announcement of the monthly IPAI statistics.

"Attention will now switch to the LME aluminium stock figures which are published every Monday, not just on a monthly basis. And speculation about the quarterly IPAI figures will be tremendous."

The IPAI said it had no alternative but to report production and inventory figures on a quarterly basis from September this year because it made it a rule not to include estimates in its statistics.

● The European Community has asked Gulf aluminium producers to present their case against a 6 per cent tariff on primary aluminium imports from the region, the fourth Arab Aluminium conference in Bahrain was told this week.

Anger boils over in Kenyan tea industry

By Julian Ozanne in Nairobi

THE KENYA Tea Development Authority, the single biggest tea producer, appeared to be gripped by uncertainty this week, following news that Mr Ezekiel Wanjama, its general manager, had been suspended from his post.

The news came shortly after the appointment of a 15-man presidential commission of inquiry into the running of KTDA, and against a background of grass-roots discontent about the its operations.

Earlier this week, hundreds of tea farmers in Murang'a district, protesting against low payments by the KTDA, went on the rampage, destroying nearly 2,400 kg of tea. The growers have been on a 14-day tea-picking boycott, which has closed down more than 150 sales centres and at least three factories with a daily processing capacity of 100,000 kg.

The farmers are also complaining about mismanagement of KTDA factories, delays in payments, inefficient leaf-collection, the high cost of fertiliser provided by the KTDA, and poor road maintenance.

The Murang'a incident was prompted by the visit of the team probing the KTDA, which was set up by President Daniel Arap Moi last month. President Moi himself has criticised the authority for bad management, corruption and for not having the welfare of tea farmers at heart.

The terms of reference of the commission include investigating the size and scale of the KTDA, its management structure, accountability of its officers and its marketing operations. It will also make recommendations on how to improve the authority, cut costs and benefit farmers.

This is not the first time the authority has been under fire recently. Last November it was the subject of a parliamentary debate, in which politicians accused it of discrimination in its payment to farmers. In Kenya, tea farmers receive two payments, one monthly for leaf delivered and one at the end of the tea year, which reflects the different quality of teas from each of the 39 factories. In last year's debate, many MPs called for a uniform payment system, a move widely opposed throughout the tea industry.

It is unclear how the suspension of Mr Wanjama is linked, if at all, to the recent disturbances and the activities of the commission of inquiry. Mr Wanjama is widely regarded in the tea industry as a man of exceptional ability and integrity.

Local tea experts expressed concern yesterday about the recent events but maintained that production would not be seriously affected.

"The Kenyan tea industry remains remarkably well structured and organised. This is just a temporary hiccup," said one Mombassa broker.

Kenya produced 164m kg of made tea last year, 50 per cent through the KTDA, and production is set to increase this year by at least 10m kg. With coffee prices badly depressed tea is now set to become Kenya's second largest source of foreign exchange earnings, after tourism.

Rubber body meets as prices languish

By Lim Siong Hoon in Kuala Lumpur

THE INTERNATIONAL Natural Rubber Organisation (Inro) met in Kuala Lumpur this week as prices sagged to the lowest level since 1987.

Three times in the past three months rubber prices have brushed against Inro's lower support, or "may buy" level of 185 Malaysia/Singapore cents a kilogram, but so far there has been no need for buffer stock buying. At around 187 Malaysian/Singapore cents a kilogram, however, prices currently remain some 15 per cent below what Inro regards as the ideal equilibrium, or reference, price of 220 cents.

The Inro council meeting, which takes place twice a year, is the first since April when there was an 8 per cent upward revision in its price support bands. It concerned itself with routine matters such as the organisation's budget.

MALAYSIA is awash with palm oil. Stocks at the end of last month, according to the Palm Oil Registration and Licensing Authority (Porla), reached a record 1m tonnes, equivalent to 20 per cent of the country's annual output. In the Kuala Lumpur commodity market, meanwhile, prices fell while turnover soared to another record, 79,350 tonnes on Wednesday. Prompt month prices have lost 4 per cent this week, from 755 ringgit a tonne on Tuesday to around 725 ringgit a tonne yesterday.

Porla's stock figures surpassed market estimates of 900,000 tonnes at 950,000 tonnes. September's level was 879,000 tonnes. Many say Malaysian output this year could now reach 6m tonnes rather than the 5.4m tonnes projected officially.

The 11-month-old Inro II started life with little or no rubber in stock with a cash board accumulated during better times. Buffer stock sales under the previous rubber accord realised about 1bn ringgit ($330m). At its last meeting in April Inro distributed R836m of its cash assets, retained R70m as an initial contribution for Inra II. It was to distribute the balance at the latest session. If the market deteriorates further, however, members may have to cough up larger contributions to finance buffer stock operations. There is little indication which way prices will actually go: towards or away from the floor of 171 cents a kilo, Inro's "must buy" level.

The Malaysians generally think the current prices, at between 16 and 17 cents above the floor, are about as low as they can get. A price rebound, many say, ought to come soon.

Compared with the previous period, production for the eight month to August in Malaysia has fallen by 12 per cent to 934,000 tonnes. And this year's production may drop by as much as 10 per cent from 1.6m last year.

Indonesia, with an output of 1.2m tonnes last year, could overtake Malaysia to become the largest producer this year. Thailand, in third place with around 1m tonnes, has outlined plans to open up new production acreage as well.

It is this shift in production strategies among rubber producers during a depressed market that may once more test the unity of what has so far been a successful commodity accord.

Africa's mining investment gap

By Kenneth Gooding

AN EXTREMELY serious gap is opening up in mining industry development in sub-Saharan Africa, according to Mr Peter Fozzard, senior geologist at the World Bank's Africa technical department.

It stems from a severe lack of investment in mineral exploration, he suggested.

The Bank estimates annual exploration investment in the area at about $115m. But, "based on reasonably accurate data and the level of investment actually being made at the company as well as country level in areas of growth and opportunity, a sustained annual investment of more than $500m is called for," said Mr Fozzard.

He pointed out that the region contributed about 15 per cent of the non-communist world's copper supplies, 20 per cent of the bauxite, 40 per cent of the diamonds and 74 per cent of the cobalt. In value, 79 per cent of the region's mineral production was concentrated in six countries: Botswana ($1.42bn in 1987), Zaire ($1.266bn), Zambia ($836m), Namibia ($808m), Zimbabwe ($609m) and Guinea ($584m).

"The 400 per cent shortfall in exploration expenditure translates into an extremely serious gap in mining industry development with consequent repercussions in the entire economic, social and infrastructural sectors," Mr Fozzard told a conference in Madrid organised by International Mining magazine and the Minerals Industry Research Organisation.

He blamed the state-controlled companies which dominate the mining industry in the region. "These have become largely uncompetitive, inflexible and permitted reserve depletion through lack of investment." Consistent investment in exploration was needed for continued discovery of economic ore deposits.

There was very promising untapped potential in the region for high unit price mineral commodities such as gold, rare earths, diamonds and other gem stones. These deposits could be developed over a short time without massive investment requirements, said Mr Fozzard.

Zaire had 50 years of copper reserves and the world's richest undeveloped copper deposit at Tenke Fungerume and "almost unlimited gold potential." Ghana also had great gold potential.

However, it was not realistic to expect adequate investment to be attracted to sub-Saharan Africa in the forseeable future and the required investment could only be attracted through the private sector.

Cost of coffee free-for-all put at $4bn in 1990

By David Blackwell

WORLD COFFEE export revenues next year will be more than 35 per cent less than they would have been under the international coffee agreement's quota system, according to the World Bank.

It estimates total revenues at $7bn, compared with $11bn with quotas. Export quotas have been suspended since July when the International Coffee Agreement collapsed.

The figures will be put before coffee producers on Monday in a Bank paper to the third annual international coffee week in Costa Rica.

The bank's international economics department earlier this year examined the impact of the export quota system on the world coffee market and concluded that the quotas led to decreased real export revenues for most countries – except for large exporters like Brazil and Colombia.

"These countries gained from the export quota system because they faced very small or even zero marginal export revenues from increased exports due to their large market share," says the bank.

Projections for prices both with and without a quota system narrow as time passes as "production and hence exports in many countries decline due to the low prices of in the early 1990s," says the bank.

However, by the end of the decade total real export revenue is projected to be higher without the quota system.

The bank believes the lack of an export quota system leads to a division of exporters into three three different categories. Countries in the first category consistently export more coffee without quotas because they can increase production capacity even with low world prices; it includes Brazil, Colombia and Indonesia.

Countries in the second will export less in the late 1990s because low prices will have reduced production potential; it includes Kenya and Mexico.

The third category comprises the countries which were having trouble fulfilling their export quotas anyway; it includes the Ivory Coast and Angola.

In the paper to be delivered on Monday the bank says there are limited options for producers struggling against low prices. "In countries where other cash crop activities are available, diversification out of coffee may be the most appropriate option."

Countries which do not have that option "may have to increase their competitiveness in producing coffee" – perhaps by reducing export taxes or devaluing their currencies. But if all countries respond in this way world coffee prices may remain very low over an even longer period.

● The Interafrican Coffee Organisation meets in Kampala next week to seek a united stance for future talks with consumers. Mr Arega Worku, secretary general of the organisation, told Reuters in Abidjan that one of the main problems with regulating the world market was non-members of the agreement undercutting prices. "Africa is very concerned about the problem of non-member importers and wants to do everything possible to get them to join the international accord," he said.

WORLD COMMODITIES PRICES

LONDON MARKETS

GOLD and silver prices moved ahead again yesterday. Dealers said gold's bullish fundamentals and technicals were prompting good buying on price dips and limiting selling into rallies to some extent. Silver continued to respond to the bullish gold market, extending Wednesday's sharp rally and rising to a new six-month highs before easing to 562 cents an ounce. Since Monday the gold/silver ratio has narrowed from 73.5 to 70. The technical picture has now changed, say traders, and a test of chart resistance around 575 cents is possible. Copper prices on the LME slipped from the morning's highs but still closed above Wednesday's levels. The retreat followed a denial from Magma Copper that it had been forced to shut down its San Manuel, Arizona, copper smelter. LME warehouse stocks are again expected to rise this week.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.81-6.00z	+.055
Brent Blend	$18.45-8.50z	+.075
W.T.I. (1 pm est)	$19.65-9.70z	+0.20
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$184-188	+2
Gas Oil	$184-185	+3
Heavy Fuel Oil	$104-105	+4
Naphtha	$158-160	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$393.25	+2.00
Silver (per troy oz)♣	562c	+14
Platinum (per troy oz)	$515	+3
Palladium (per troy oz)	$139.65	-0.7
Aluminium (free market)	$1730	+5
Copper (US Producer)	122½-125c	
Lead (US Producer)	39c	
Nickel (free market)	460c	-3
Tin (Kuala Lumpur market)	18.39r	
Tin (New York)	317.5c	-4.0
Zinc (US Prime Western)	78¼c	
Cattle (live weight)†	115.68p	+0.24*
Sheep (dead weight)†	202.89p	-5.60*
Pigs (live weight)†	95.88p	+0.36*
London daily sugar (raw)	$374x	
London daily sugar (white)	$399.5x	
Tate and Lyle export price	£354	-1
Barley (English feed)	£113.5	+2.5
Maize (US No 3 yellow)	£126.5	
Wheat (US Dark Northern)	£127.75	+0.75
Rubber (spot)♥	57.75p	+0.25
Rubber (Dec)♥	59.75p	+0.25
Rubber (Jan)♥	60.75p	+0.25
Rubber (KL RSS No 1 Dec)	226m	-1
Coconut oil (Philippines)§	$472.5v	+2.5
Palm Oil (Malaysian)§	$305	
Copra (Philippines)§	$300	-5
Soyabeans (US)	£172	+1
Cotton "A" index	82.60c	+0.35
Wooltops (64s Super)	586p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Oct. x-Dec/Jan. t-Jan/Mar. v-Nov/Dec. w-Dec. z-Jan †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
Dec	705	709	710	703
Mar	675	676	680	673
May	685	687	691	683
Jul	700	700	703	698
Sep	715	715	717	713
Dec	736	737	738	736
Mar	756	757	762	755

Turnover: 5325 (13457) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Nov 15 792.60 (803.18) :10 day average for Nov 16 813.29 (815.15)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low	
Nov	723	715	725	705
Jan	705	702	710	698
Mar	717	710	718	708
May	734	728	737	725
Jul	753	743	755	743
Sep	770	764	770	764
Nov	785	780	786	777

Turnover: 2302 (3548) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Nov 14: Comp. daily 63.14 (64.16). 15 day average 62.32 (62.23)

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
Dec	336.00	337.00		
Mar	330.40	333.00	333.40	329.60
May	328.20	329.00	329.80	325.60
Aug	320.20	323.00	323.00	320.00
Oct	310.20	313.40	312.20	309.60
Dec	308.00	312.00	305.00	
Mar	295.00	298.20	294.40	294.20
White	**Close**	**Previous**	**High/Low**	
Mar	395.50	397.50	400.00	394.50
May	400.00	402.00	401.00	399.00
Aug	408.00	410.00	409.00	406.00
Oct	383.00	386.00		
Dec	369.00	-		

Turnover: Raw 4739 (5274) lots of 50 tonnes. White 1832 (2498)
Paris- White (FFr per tonne): Mar 2368, May 2525, Aug 2590, Oct 2440, Dec 2380, Mar 2350.

GAS OIL – IPE $/tonne

	Close	Previous	High/Low	
Dec	178.50	176.75	180.00	177.75
Jan	173.75	172.00	174.50	172.25
Feb	169.25	168.00	170.00	168.00
Mar	164.00	162.75	165.00	163.00
Apr	160.00	158.75	161.00	159.25
May	157.00	156.00	157.00	

Turnover 6711 (7791) lots of 100 tonnes

CRUDE OIL – IPE $/barrel

	Close	Previous	High/Low	
Jan	18.43	18.35	18.50	18.40
Feb	18.22	18.18	18.30	18.21
Mar	18.05	-	18.13	18.08
IPE Index	18.39	18.37		

Turnover: 10144 (7664)

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 11,100 tonne
Cash	1738-43	1746-50		1730-5		
3 months	1722-5	1725-30	1725/1716	1716-7	1718-20	32,050 lots
Copper, Grade A (£ per tonne)						Ring turnover 25,675 tonne
Cash	1669-71	1646-7	1679/1678	1678-9		
3 months	1671-2	1663-4	1682/1665	1678-9	1666-7	74,922 lots
Lead (£ per tonne)						Ring turnover 6,175 tonne
Cash	443-5	438-9	444.5/444	444-4.5		
3 months	441.5-2	436.5-7	442/439	440-0.5	441-2	11,769 lots
Nickel ($ per tonne)						Ring turnover 2,244 tonne
Cash	10000-50	10000-50	10000/9975	9950-10000		
3 months	9700-10	9675-700	9700/9550	9550-75	9650-75	6,881 lots
Tin ($ per tonne)						Ring turnover 480 tonne
Cash	6880-900	6970-90	6950/6900	6950-60		
3 months	7010-15	7085-95	7050/7000	7040-50	7010-20	5,004 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 14,525 tonne
Cash	1470-5	1470-80	1472/1470	1472-5		
3 months	1440-2	1437-8	1449/1438	1440-1	1438-40	15,879 lots
Zinc ($ per tonne)						Ring turnover 2,275 tonne
Cash	1440-50	1435-40	1460	1457-60		
3 months	1405-15	1400-5	1419	1417-8	1400-10	2,758 lots

LME Closing £/$ rate: SPOT: 1.5780 3 months: 1.5543 6 months: 1.5316 9 months: 1.5115

POTATOES – BFE £/tonne

	Close	Previous	High/Low	
Feb	150.0	154.9		
Apr	202.0	204.0	204.7	201.0
May	228.4	229.5	231.0	227.5

Turnover 172 (260) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne

	Close	Previous	High/Low	
Feb	146.00	146.00	147.00	147.00
Apr	146.00	143.50	144.50	144.50

Turnover 15 (44) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point

	Close	Previous	High/Low	
Nov	1662	1670	1685	1661
Dec	1677	1680	1674	1670
Jan	1684	1684	1684	1674
Apr	1668	1668	1668	1660
Jul	1415	1415	1415	
BFI	1648	1648		

Turnover 178 (180)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High/Low	
Nov	108.50	108.50	108.50	
Jan	111.75	111.75	111.85	111.70
Mar	115.55	115.60	115.70	115.55
May	119.00	119.10	119.10	119.00
Jun	120.45	120.55	120.45	
Barley	**Close**	**Previous**	**High/Low**	
Nov	107.50	107.25	107.50	
Jan	110.90	110.70	111.00	110.70
Mar	113.75	113.75	114.00	113.60
May	115.60	115.60	115.85	115.50

Turnover: Wheat 171 (124), Barley 230 (223).
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low	
Nov	124.5	124.5	124.0	123.5
Feb	114.5	114.5		
Apr	114.5	114.5		
Jun	113.5	114.5	113.0	

Turnover 9 (64) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	393-393½	248¼-249¼
Opening	389½-390	246¾-247
Morning fix	389.1	246.887
Afternoon fix	391.4	248.163
Day's high	393¼-393¾	
Day's low	387¼-388¼	
Coins	**$ price**	**£ equivalent**
Maple leaf	402-407	254½-257½
Britannia	402-407	254½-257½
US Eagle	402-407	254½-257½
Angel	400-405	253¼-255½
Krugerrand	392-395	248-250
New Sov.	91-93	57½-59½
Old Sov.	91-93	57½-59½
Noble Plat	521.20-529.40	330.1-335.5
Silver fix	**p/fine oz**	**US cts equiv**
Spot	348.80	549.75
3 months	361.80	561.30
6 months	374.45	572.40
12 months	399.10	595.20

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jan	Mar	Jan	Mar
1650	120	107	34	60
1750	61	59	64	99
1850	26	29	127	168
Copper (Grade A)	**Calls**		**Puts**	
2500	162	160	42	106
2600	102	122	81	135
2700	59	85	135	215
Coffee	**Jan**	**Mar**	**Jan**	**Mar**
650	60	56	5	19
700	25	25	20	38
750	7	9	52	82
Cocoa	**Mar**	**May**	**Mar**	**May**
650	54	69	20	34
700	31	44	47	59
750	16	27	82	92
Brent Crude	**Jan**	**Feb**	**Jan**	**Feb**
1800	69	70	19	47
1850	35	44	41	72
1900	15	26	71	

US MARKETS

In the metals, prices rose in gold, silver and platinum as their bullish trends continue, reports Drexel Burnham Lambert. Silver was again the most active as dealer buying helped narrow its differential to the gold and platinum. December gained 5.7 cents closing at 5656. Copper prices were down from technical selling. In the softs, trade selling continued to weigh on the sugar market. Speculative sell-stops sank the coffee. December coffee lost 337 in heavy volume. Trade buying offset arbitrage selling in the cocoa. The grains were slightly higher after slow action. The energy complex was firm for most of the day due to light trade and commission house support. Profit-taking eased the livestock markets.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Nov	391.4	391.3	0	0
Dec	392.7	392.8	395.7	389.6
Jan	393.3	395.4	0	0
Feb	397.7	397.6	400.7	394.7
Apr	402.5	402.6	405.0	399.3
Jun	407.1	407.2	410.0	405.6
Aug	411.5	411.6	0	0
Oct	416.1	416.2	416.5	415.5
Dec	420.8	420.9	424.0	418.5

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Nov	516.0	515.0	0	0
Jan	521.4	520.4	526.0	518.0
Apr	526.2	525.3	532.0	523.0
Jul	531.4	530.5	535.0	528.5
Oct	537.4	536.5	542.0	535.5

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Nov	[illegible]	[illegible]	[illegible]	551.0
Dec	[illegible]	[illegible]	[illegible]	548.0
Jan	[illegible]	[illegible]	[illegible]	553.0
Mar	[illegible]	[illegible]	[illegible]	560.0
May	[illegible]	[illegible]	[illegible]	573.5
Jul	[illegible]	[illegible]	[illegible]	581.0
Sep	[illegible]	[illegible]	[illegible]	593.0
Dec	[illegible]	[illegible]	[illegible]	603.0
Jan	[illegible]	[illegible]	[illegible]	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Nov 16	Nov 15	mnth ago	yr ago
1962.8	1976.1	1950.9	1844.0

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	133.21	129.85	130.55	133.98
Futures	131.57	131.63	129.90	137.88

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	114.90	115.60	0	0
Dec	114.80	115.50	114.80	114.80
Jan	112.90	114.10	114.80	113.00
Feb	112.30	113.20	112.70	112.70
Mar	111.10	112.18	113.80	110.80
Apr	110.00	110.85	0	0
May	108.80	109.50	110.90	108.80
Jun	108.10	108.75	0	0
Jul	107.20	107.80	108.60	107.20

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Dec	19.77	19.67	19.86	19.75
Jan	19.66	19.52	19.72	19.59
Feb	19.50	19.36	19.55	19.42
Mar	19.36	19.24	19.40	19.30
Apr	19.23	19.12	19.25	19.16
May	19.10	19.00	19.11	19.08
Jun	18.96	18.88	18.98	18.90
Jul	18.80	18.76	18.82	18.80
Aug	18.70	18.64	18.70	18.65
Sep	18.61	18.54	18.61	18.55

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Dec	5830	5713	5840	5760
Jan	5830	5717	5845	5765
Feb	5730	5634	5746	5670
Mar	5515	5425	5530	5460
Apr	5280	5200	5290	5220
May	5110	5030	5115	5090
Jun	5000	4920	5000	4970
Aug	5010	4930	5010	5010
Sep	5135	5020	5135	5105

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	930	937	942	929
Mar	955	955	961	953
May	968	965	974	964
Jul	985	984	989	985
Sep	1000	1000	1005	998
Dec	1021	1023	1027	1020
Mar	1041	1043	1046	1040

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	72.89	76.26	78.90	72.85
Mar	75.69	78.74	79.25	75.75
May	78.00	81.13	81.25	77.95
Jul	80.90	83.29	83.45	80.50
Sep	82.75	85.15	85.55	82.00
Dec	85.75	88.50	88.50	85.75
Mar	88.38	92.50	91.10	89.00

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	14.67	14.78	0	0
Mar	14.89	15.00	15.00	14.87
May	14.65	14.77	14.73	14.63
Jul	14.43	14.54	14.50	14.37
Oct	13.98	14.12	14.07	13.98
Mar	13.26	13.40	13.35	13.26

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Dec	72.65	72.78	72.75	71.10
Mar	74.76	75.03	75.00	74.30
May	75.65	76.00	76.00	75.20
Jul	75.65	75.92	75.95	75.20
Oct	69.60	69.70	69.60	69.30
Dec	66.70	66.85	66.70	66.45

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	133.30	130.50	132.00	128.90
Jan	123.30	122.80	123.50	121.00
Mar	123.60	122.90	124.00	121.40
May	123.50	123.20	123.75	122.50
Jul	124.00	123.50	124.00	123.00
Sep	124.00	123.75	124.00	123.50

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Nov	584/2	579/4	584/4	[illegible]
Jan	595/4	591/4	596/2	[illegible]
Mar	608/6	605/0	610/0	[illegible]
May	620/2	616/0	621/4	[illegible]
Jul	629/6	624/2	631/0	[illegible]
Aug	629/0	625/4	630/4	[illegible]
Sep	618/0	613/4	618/4	[illegible]
Nov	616/0	611/6	617/4	[illegible]

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Dec	19.90	19.81	19.91	[illegible]
Jan	20.12	20.03	20.14	[illegible]
Mar	20.52	20.45	20.58	[illegible]
May	20.88	20.79	20.90	[illegible]
Jul	21.15	21.07	21.20	[illegible]
Aug	21.19	21.07	21.20	[illegible]
Sep	21.25	21.12	21.25	[illegible]
Oct	21.35	21.25	21.35	[illegible]

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Dec	188.0	187.4	188.5	[illegible]
Jan	186.9	186.2	187.5	[illegible]
Mar	186.1	185.7	186.8	[illegible]
May	185.1	184.0	185.5	[illegible]
Jul	184.3	183.3	185.0	[illegible]
Aug	183.6	182.0	184.6	[illegible]
Sep	183.9	182.5	184.0	[illegible]
Oct	182.7	181.5	182.5	[illegible]

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	240/2	239/6	241/0	[illegible]
Mar	244/0	243/2	244/6	[illegible]
May	247/4	246/6	248/4	[illegible]
Jul	251/2	250/2	251/6	[illegible]
Sep	245/4	243/6	246/0	[illegible]
Dec	242/4	240/4	242/4	[illegible]
Mar	249/0	247/2	249/0	[illegible]

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	407/4	405/0	408/4	[illegible]
Mar	412/0	408/6	412/2	[illegible]
May	391/0	389/0	391/4	[illegible]
Jul	361/2	358/2	362/0	[illegible]
Sep	366/6	362/6	367/0	[illegible]
Dec	377/2	373/2	377/4	[illegible]

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	74.67	74.97	75.15	[illegible]
Feb	74.17	74.42	74.60	[illegible]
Apr	74.12	74.45	74.40	[illegible]
Jun	71.32	71.75	71.60	[illegible]
Aug	69.42	69.90	69.75	[illegible]
Oct	68.92	69.32	69.10	[illegible]

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Dec	49.15	49.27	49.45	[illegible]
Feb	48.47	48.62	48.86	[illegible]
Apr	45.77	45.85	46.10	[illegible]
Jun	49.70	49.42	50.10	[illegible]
Jul	49.80	49.57	50.05	[illegible]
Aug	48.67	48.47	48.95	[illegible]
Oct	44.00	43.75	44.10	[illegible]
Dec	45.50	45.25	45.55	[illegible]

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	63.52	63.87	63.85	[illegible]
Mar	63.00	63.15	63.30	[illegible]
May	62.15	62.15	62.20	[illegible]
Jul	60.40	59.82	60.50	[illegible]
Aug	58.40	57.85	58.70	[illegible]

LONDON STOCK EXCHANGE

Equities falter after a firm opening

A BATCH of favourable dividend and trading announcements from such leading UK companies as British Steel, British Gas and British Telecom helped put a shine yesterday on a UK stock market turning a little cooler towards the Autumn Statement on the economy from the Chancellor of the Exchequer. Equities were in good form for most of the session, but lost courage towards the close when Wall Street reacted sluggishly to a reduced deficit on US trade in October.

Takeover developments also played a significant role yesterday. An increased cash bid of £1.24bn for Pearl Assurance from Australian Mutual Provident provided the impetus for an early upswing of 20 Footsie points. In a filing for the US State Insurance Commissioners, the Hoylake consortium "indicated" a value of 850p a share for BAT Industries if the consortium should make a new offer for the tobacco group.

Account Dealing Dates

*First Dealings:	Oct 30	Nov 13	Nov 27
Option Declarations:	Nov 9	Nov 23	Dec 7
Last Dealings:	Nov 10	Nov 24	Dec 8
Account Day:	Nov 20	Dec 4	Dec 18

*New time dealings may take place from 9.00 am two business days earlier.

Buoyed up also by good dividend payments from British Gas and British Telecom, the UK market was in good form when the announcement that the US monthly trade deficit had shrunk from $10.1bn to $7.94bn last month appeared to suggest that Wall Street would open the new trading session in good form.

In the event, however, the US stock market was held back by concern that the Federal Reserve might be less likely to trim interest rates in view of the October trade deficit improvement.

The FT-SE Index began to wilt, and the final reading of 2,209.8 showed a net gain on the day of only 8.4 points. Seaq trading volume looked better at 448.1m against Wednesday's 334.1m but was boosted by activity in Pearl (64m shares), and in British Gas, British Telecom and British Steel.

Some traders expressed disappointment that equities failed to maintain their early firmness, notwithstanding the excellent trading statements from blue chip names. One discouraging factor was the more bearish view taken at several senior firms of the Chancellor's Autumn Statement. Doubts were expressed about his relaxation of fiscal policy and also an apparent implication in his inflation forecasts that UK base rates may stay at 15 per cent throughout next year.

At Kleinwort Benson, Mr David Owen said it was clear that, "interest rates will continue to take the economic strain, a view not too acceptable to us." Mr Peter Spencer, UK economist at Shearson Lehman Hutton, described the Statement as, "unequivocally bearish for the equity market."

Mr Richard Dingwall-Smith at County NatWest, agreeing that interest rates are at the heart of the outlook for the domestic economy, stressed that "if lower interest rates do not happen, there is a clear risk that a mild recession will turn into something worse."

FINANCIAL TIMES STOCK INDICES

	Nov 16	Nov 15	Nov 14	Nov 13	Nov 10	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	84.12	84.29	84.35●	84.35	84.47	87.94	89.29 (8/2)	82.75 (14/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	93.54	93.58	93.57	93.55	93.78	97.11	99.59 (15/3)	93.20 (10/10)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1769.2	1759.4	1770.8	1771.4	1773.0	1487.5	2008.6 (5/9)	1447.8 (3/1)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	264.6	273.2	271.1	262.4	269.3	178.3	273.2 (15/11)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2209.8	2203.4	2214.7	2213.2	2216.7	1823.6	2426.0 (5/9)	1782.8 (3/1)	2443.4 (16/7/87)	986.9 (23/7/84)
Ord. Div. Yield	4.75	4.73	4.70	4.69	4.67	4.78				
Earning Yld %(full)	11.38	11.34	11.28	11.26	11.24	12.00				
P/E Ratio(net)(*)	10.61	10.65	10.71	10.73	10.76	10.09				
SEAQ Bargains(5pm)	21,982	21,046	21,760	24,703	29,325	24,003				
Equity Turnover(£m)†	-	571.81	535.41	623.12	894.28	1038.54				
Equity Bargains†	-	21,338	21,850	25,473	28,491	23,356				
Shares Traded (ml)†	-	275.8	283.8	309.1	382.1	428.0				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ● Nil 10.61

Ordinary Share Index, Hourly changes — Day's High 1767.9 — Day's Low 1754.7

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
[illegible]	1765.5	1757.0	1759.7	1763.5	1765.7	1764.5	1761.6

FT-SE, Hourly changes — Day's High 2224.2 — Day's Low 2200.9

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2213.6	2203.3	2206.2	2212.6	2218.6	2220.5	2217.7	[illegible]

GILT EDGED ACTIVITY

Indices	Nov 15	Nov 14
Gilt Edged Bargains	83.9	79.1
5-Day average	82.1	82.5

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request. ● Corrected figure. London report and latest Share Index: Tel. 0898 123001.

AMP hits out for Pearl

The battle for control of Pearl Group, the life assurer, came to the boil as Australian Mutual Provident (AMP) increased its offer from the previous 605p to 690p a share and instructed stockbroker Panmure Gordon to launch a market raid for Pearl shares.

The 690p offer values Pearl at £1.24bn compared with the previous figure of £1.1bn. Mr Einion Holland, Pearl's chairman, reiterated previous advice to shareholders to reject the offer which "fails to reflect the value of Pearl."

Once the increased offer was announced, Panmure moved in to bid for Pearl and at the close of trading announced it had bought 34.5m Pearl shares which, including the 18.4 per cent AMP already owned, gave the Australian group a stake of 38 per cent. There was some surprise in the market when the Pearl share price moved briefly above the AMP bid price, but dealers said the chances of another bidder so late in the day were remote. Pearl shares closed 42 higher at 689p on 64m.

Mr Youssef Zlai, life assurance analyst at UBS Phillips & Drew, said the battle "looks over bar the shouting," adding that the increased bid was "pitched at a level to give a very good chance of success - and it leaves something for AMP."

Wellcome profits

The market took some hours to get to grips with Wellcome's full year figures. The shares initially fell because the £283m profit figure was near the bottom of the £280m to £300m range of analysts' forecasts.

But they then recovered sharply after a positive analysts' meeting got under way. Mr Jonathan de Pass, of BZW, a long-standing bull of the stock, said "No one can fail to have been impressed by the wealth of new products. The picture is of a company firing on all cylinders." Mr Ian Moore at UBS Phillips & Drew said that the profits shortfall had come from the recently sold animal health interests, while Mr Ian White, at Kleinwort Benson, said that the price was supported on a three year view and that the company was on course to make a profit of £1bn by 1993, based on a turnover for Retrovir, the anti-Aids drug, of £1bn.

There were more cautious voices to be heard in the excitement. One was Mr James Culverwell, at Hoare Govett, who said that little new had been revealed yesterday and rated the stock only a hold above £7.

The shares recovered from their low of 694p, peaked at 740p before subsiding once more to close at 724p, a rise of 9 on the day. "You've got to be nimble to trade this one," said one marketmaker.

Telecom wanted

Interim figures from British Telecom came as a big and pleasant surprise to the market, with the pre-tax profit figure of £1.51bn, against £1.34bn last time, ahead of most analysts forecasts.

The figure for the second quarter, £678m, against £630m, included a figure of £46m for a pensions contributions holiday, and triggered some substantial buying interest in BT shares which closed 8¼ up at 267p on turnover of 13m, well ahead of usual levels.

Mr Chris Tucker, electronics analyst at Kitcat & Aitken said "the 8p rise in the British Telecom share price is rather modest considering the reduction in pensions contributions which will lead to an increase in profits before tax of £150m this year.

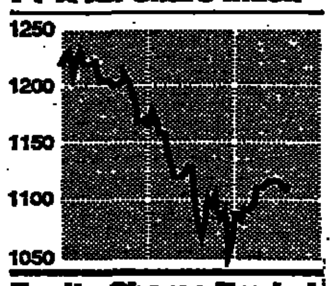
Mr Patrick Wellington at County NatWest WoodMac said the pensions holiday "will increase earnings growth to a very respectable level and bolster those who see the shares as defensive."

Gas payout

British Gas were among the market's biggest traded stocks after the group revealed an interim dividend up 16.4 per cent at 3.2p and said that it intends to increase its payout ratio over the next few years. The interim came as a surprise to most analysts - Hoare Govett, the company's brokers, were an exception, and had been forecasting the 3.2p - who quickly moved to increase their forecasts for the full year and 1990-1.

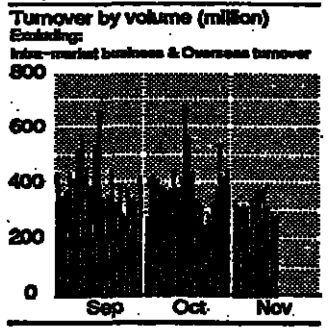
Mr Phillip Lambert, at Kleinwort Benson, raised his forecast for the full year to 10.8p and for 1990-1 to 12p, and highlighted the 7 per cent yield for this year and 8 per cent for next year.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



The Smith New Court oil team, also moving their full-year forecast up to 10½p, expect the dividend to be "increased by 15 per cent over several years." Hoare Govett increased their full-year forecast from 10.2p to 10¾p. At the close Gas were 7 higher at 201½p on turnover of 16m, with dealers also pointing out that on Wednesday the company is holding an investment seminar focusing on the potential and value of its exploration and production interests.

County NatWest WoodMac reiterated its buy recommendation for Guinness and the shares recovered 9 after recent weakness to close at 587p. A recent squeeze in Bass ended and the shares retreated 12 to 969p.

A White Paper on care of the elderly was deemed to be good for companies involved in nursing homes. Beddington rose 3 to 188p.

Argyll slipped in busy trade on talk that it was poised to buy Gateway stores from Isosceles, and on suggestions that it was encountering difficulties converting some of its Presto stores in the north of England and Scotland.

Dealers doubted both suggestions, though the speculation that Argyll's conversion of its Presto stores was not proceeding smoothly continued to circulate. Argyll was further weakened by speculation that Hoare Govett was about to downgrade. However, this, along with talk that other brokers had recommended switching out of Argyll, also turned out to be untrue. Argyll closed down 8 at 209p, having traded an unusually high 6.8m shares.

William Low advanced on news that IEP, controlled by Sir Ron Brierley, New Zealand entrepreneur, had raised its stake to 13 per cent. Analysts said the news refocused attention on William Low as a target rather than a predator. Mr Philip Dorgan of Goldman Sachs said Sir Ron would be unlikely to make a full bid for Low's. Instead, he would hope to sell his stake on to another bidder. William Low closed a penny up at 304p.

Tesco was supported by news of its £140m sale and leaseback deal for 17 of its stores. One analyst commented: "This news is good but not unexpected. Tesco has a massive expansion programme to be funded and its attractive freeholds provide a useful way of doing this." But another analyst commented that he had only expected Tesco to announce a £50m leaseback deal. Tesco closed 1½ up at 195p.

Asda eased after the recent downgradings and worries that there may be more in the pipeline. But dealers said they doubted whether Asda would slip below the long-term 130p support level. Asda closed 2 lower at 134p.

Unilever pared early gains to finish a penny lower on the day at 654p. A strong showing on Wall Street on Wednesday prompted it to be marked higher at the opening. However, additional US buying did not materialise yesterday, and by the close Unilever had given up all of its earlier gains. Analysts noted that at 5 per cent, the NV's premium over the plc, remained low, by this year's standards.

A 5.7 per cent improvement in full-year figures from Burton did not impress the market and the shares ended 4 lower at 185½p. "If you strip out property disposals profits the results were in line with the low end of forecasts," said Mr Paul Aynsley of County NatWest WoodMac. He trimmed his forecast for the full current year from £230m to £200m.

WH Smith ran into profit-taking at first, after a recent strong run. A buyer then returned to bid on the inter-dealer broker screens and the price recovered from 328p to close a net 5 off at 330p.

British Aerospace had its busiest day of the week and gained 20 to close at 538p as more than 1¼m shares were traded. The share was helped by news of possible further orders for the Airbus aircraft, for which British Aerospace builds the wings.

Coloroll slipped a penny to 79p on the announcement of a setback in the company's half year profits to £10.1m from £20.5m. Earnings per share were cut from 9.8p last year to 3.1p. Several securities houses downgraded full year expectations, among them BZW, which said it now expected £20m, down from £40m, adding that "the severity of trading conditions will not ease in the next six months."

Another analyst was more forthright: "The company philosophy of sales at the expense of margins is dangerous in these market conditions. That is a hard line to take."

Sketchley ended the day down 15 at 354p on a 25 per cent fall in half year profits, worse than expected. Profits fell to £5.4m from £7.2m with the hot summer blamed for the fall in dry cleaning profits. Several analysts cut full-year expectations by around £5m to around £14m.

Shares in Cookson Group went 8 lower to 256p on downgradings. BZW has shaved its 1989 expectations from £200m to £193m and for 1990 from £220m to £195m. Explaining the downgrading, Mr Martin Evans and Mr Oliver Fear of the chemicals team at BZW said: "Volumes and margins in the UK are both under pressure and trading in the US has weakened since the half year with building and the automotive industry softening in addition to the already depressed electronics area."

Fears of an impending downturn in the art market, despite the $40m sale of a Picasso in New York the previous day, left Sotheby's 100p off at 1850p. Christies International fell in sympathy and closed at 315p, a fall of 15 on the day.

BTR fell another 8 to 417p on profits downgrading said to have been made by Cazanove the previous day.

Paramount Pictures' purchase of a 49% interest in Zenith, Carlton Communications' independent production subsidiary, was welcomed in the market. Carlton's shares rose 23 to 818p. The market did a double-take on Quadrant. Having slipped just 2 on Wednesday in response to the company's £19m disposal of its Cellular telephone operation, the shares shed 47 yesterday to close at 215p. Marketmakers said that what was left of the company after the disposal had to be re-rated. But Mr Adam Page, analyst at UBS Phillips & Drew, said the fall had been overdone. He said that the company's main business, photographic distribution, was defensive, adding that the cellular business had fetched a high £890 per customer and that the shares were now trading on an earnings multiple of less than 8.

News that the Irish group Independent Newspapers had taken a 4.99 per cent stake in outdoor advertising contractor More O'Ferrall came after the market had closed and the shares had finished unchanged at 335p. Mr Chris Akers, analyst at Citicorp Scrimgeour Vickers, said the two were a good fit and that Independent had bought the shares at an average of 410p each.

Calor Group closed 12 up at 426p on much improved turnover of 876,000, amid speculation that the company would announce a special dividend of 10p, on top of the expected 6.5p, with its interim statement on November 28. The company is changing its year end from March to December and the special dividend would be for the three months ended December 1989. "In effect this would mean that over the next 10 months investors would be getting a gross yield of 8.5 per cent and over 16 months a gross yield of 11.7 per cent," said one specialist.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 31

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brit. Aerospace	1,500	539	+20	Hanson	9,580	221½	-½	[illegible]	79	421	-2	Tate & Lyle	759	262½	-2½
British Airways	734	199		Harrisons & Cros.	258	[illegible]	+2	RMC	362	647	+1	Taylor Woodrow	705	266	+1
British Gas	13,900	201½	+7	Hawker Siddeley	767	634		RTZ	716	538	-5	Tesco	6,700	195	+1½
British Land	773	394	-1	Hillsdown Hldgs.	300	262		Racal	2,200	234	-1	THORN EMI	1,100	743	-3
BP	5,100	295½	+1	[illegible]	240	209½	-½	Rank Org.	216	857	+4	Trafalgar House	365	337	+2
British Steel	14,000	127	+½	ICI	1,200	1087	-7	Reckitt & Colman	161	1166	+3	Trusthouse Forte	826	286	+1½
British Telecom	13,000	267	+8½	Inchcape	1,000	260	+7	Redland	446	523		Ultramar	1,200	331	+4
Burmah Oil	830	662	+6	Jaguar	579	831	+1	Reed International	1,200	485	+3	Unilever	1,300	654	-1
Burton	2,000	185	-8	Kingfisher	821	279	-1	Reuters	1,000	982	+½	United Biscuits	1,400	359	+4
Cable & Wireless	1,800	581	+3	Ladbroke	1,100	383	+5	Rolls Royce	5,300	167½	+2	Utd. Newspapers	26	467	
Cadbury Schweppes	677	354		Land Securities	393	523		Rothmans	1,000	650		Wellcome	3,077	724	+9
Carlton Comms.	776	818	+23	Laporte	729	455		Royal Bk of Scotland	526	177	+1	Whitbread "A"	694	367	+1
Commercial Union	1,800	447		Legal & General	885	377	+1	Royal Insurance	2,000	475	+2	Williams Hldgs.	880	226	+1
Cookson	1,900	259	-11	Lloyds Bank	1,300	416	+5	STC	2,150	274	+1	Wimpey	240	239	-1

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (57). AMERICANS (1) Pacificorp, CANADIANS (1) BCE, BANKS (3) HK & Shang., Schroders, [illegible], STORES (1) [illegible], ELECTRICALS (2) Admiral Computing, Borland Intl. Inc., INDUSTRIALS (1) Eurocopy, INSURANCE (2) Aon Corp., Pearl, LEISURE (1) Really Useful Grp., PAPERS (1) TMD Advertising, TRUSTS (8) Baltica Hldgs., Drayton Far East, Do. Wrnts. 1992-1991, Heinix Hldgs., Overseas Inv. Tst. Wrnts., Pacific Asset Wrnts., Templeton Em. Mkts., Thai Euro. Fd., Topdanmark, OILS (1) Command Pet., PLANTATIONS (1) Williamson, MINES (2) ERGO, East Rand, Leslie.

NEW LOWS (46). BRITISH FUNDS (1) Treas.9pc. 2008 "B", FOREIGN BONDS (2) Iceland 14½pc., Ireland 9½pc., AMERICANS (1) General Host, CANADIANS (1) Varity Corp., STORES (2) [illegible], ELECTRICALS (8) AB Electronic, Hewlett-Packard, Microfilm Reprographics, Nth. Tele., Northamber, Pressac, ENGINEERING (1) Wood (S.W.), FOODS (1) Wessanen, INDUSTRIALS (8) BSS Grp., Benson Grp., Dauphin, Lynx Hldgs., Scot. Heritable Tst., Scott Robertson, Sketchley, Suter, LEISURE (2) Quadrant, Trillion, PAPERS (2) Assoc. Paper, Osprey Comms., PROPERTY (1) Tern, TRANSPORT (2) Mersey Docks & Harbour, Norish, TRUSTS (6) Authy Inv., Baltic, Graham Rintoul Inv. Tst., Ldn. Amer. Vent Tst., Throg USM Tst. Wrnts., MINES (8) Anglo Amer., Ayer Hitam, Elders Res., McFinley Rd. Lake, Res. Plat.

APPOINTMENTS

Marston's marketing director

■ From February 5 Mr John Dunsmore becomes director of marketing at MARSTON'S, and director designate of the brewing and brands division. He joins from County NatWest. Mr A.T. Alpin, director, brewing and brands division, will remain an executive director of Marston, Thompson & Evershed until his retirement in April 1991 when he assumes a non-executive role.

■ BRITISH GAS has appointed Mr Thomas M. Melvin as head of taxation, a new post, from January 1. He is group manager, taxation, BOC Group. Mr Roy Peters becomes head of pension fund investment from December 18. He is a director of County NatWest Investment Management, with responsibility for the National Westminster Bank pension fund.

■ Svenska & Co, stockbroking subsidiary of SVENSKA INTERNATIONAL, has launched an international institutional stockbroking service, headed by Mr David Grant, who was a director of CCF Laurence Prust Securities.

■ J.H. MINET & CO has appointed Mr S.J. Quick as managing director of the newly-formed North American property division.

■ Mr Kevin L. Davies has been promoted to a director of BRADSTOCK BLUNT & THOMPSON.

■ FORESTRY INVESTMENT MANAGEMENT, Oxford, has appointed Mr Michael R. Rendle as a non-executive director. He is a director of Willis Faber and a former managing director of BP.

■ Mr Bill Stuttaford has become non-executive chairman of EAST HOLDINGS, Norwich. He succeeds Mr Julian Martin Smith who remains a non-executive director. Mr Stuttaford is chairman of Framlington Group.

Mr Denzil Lee *(above)* has been appointed managing director of HESTAIR MACLAREN. He joins from Wilkinson Sword where he was managing director, UK management group.

Rea Brothers Manx post

■ Mr Michael Sheehan has been appointed chairman of REA BROTHERS (ISLE OF MAN). He succeeds Lord Brookes. Mr Sheehan was managing director of Hill Samuel & Co (Ireland).

■ Ms Christine Butler has been appointed merchandising director at Speedo - she was sales and marketing director at Gamba Timestep; Mr Jim Tew has been promoted from general manager to manufacturing director; and Mr Mike Torrance has been appointed operations director - he was manufacturing director of Playtex. Ms Elaine Thorpe and Mr Sam Saxon have been promoted from sales executives to sales directors at Response Ladieswear. Both companies are part of THE RESPONSE GROUP.

■ Mr V.J. Throp has been appointed sales director of all companies in the RELIANCE MUTUAL GROUP. He will continue to be responsible for the control of the direct salesforce.

■ AYNSLEY CHINA has appointed Mr Ken Barnes as director and general manager of Hammersley, a recently acquired brand name; he was product development manager. Ms Gill Johnson has been promoted to marketing director, and Mr Martin Holmes to production director.

■ Mr Fritz Rehkopf has been appointed deputy managing director of BOVIS INTERNATIONAL. He was managing director of Lehrer McGovern International where he is succeeded by Mr John McCloy, promoted from deputy managing director.

■ Mr Jim Kavanagh and Mr Simon J.R. Drake have joined the board of INDUSTRIAL CLEANING PAPERS.

■ SIEMENS DATA SYSTEMS has appointed Mr Guy Norgrove as manager, finance and banking division. He joins from Pyramid Technology.

Miss Jill Smith *(above)* has been appointed a director of Lazard Investors, investment management subsidiary of LAZARD BROTHERS & CO. She was a director of Henderson Investment Services.

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AUTHORISED UNIT TRUSTS

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ◊ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ▲ - 1401 to 1700 hours; # - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Wellington Fund Mngrs Ltd (1200)F						
2, London Bridge, SE1						01-407 4404
Wellington Income	5¼	134.1	135.4xd	144.3	+0.2	5.24
Wellington Growth	5¼	216.9	218.8xd	232.8	+1.5	1.36
Wessex Asset Management (1330)F						
1 Richmond Hill, Bournemouth BH2 6HW						0202 290492
Wessex UK Gwth	4½	107.2	110.8	115.4	----	2.90
Whittingdale Unit Tst Mngmt Ltd						
2 Honey Lane, London EC2V 8BT						01-606 3192
Challenger ◊F	2½	60.37	60.37xd	61.93	+0.22	0.00
Short Dtd Gilt ◊F	1¼	81.82	81.82	83.00	-0.09	7.17
U.S. Govmt Bond ◊F	1¼	5.5770	.5770xd	.5846	[illegible]	0.00
Wiltbra Financial Services Ltd (0905)F						
PO Box 515 Austin Friars, London EC2						01-588 7511
Aust Fixm W'wide	5	189.1	193.0	205.3	----	2.57
Windsor Trust Mngrs Ltd (1200)F						
83 Kingsway, London, WC2B 6SD						01-405 8331
Capital & Equity	5	55.80	59.03xd	62.79	-0.16	7.53
European	5	74.12	74.46	79.21	+0.42	0.70
Far Eastern	5	62.09	68.00	72.33	+0.39	0.64
Growth Inc	5	76.48	80.02	85.13	-0.14	1.59
Growth Acc	5	76.55	80.10	85.20	-0.14	1.59
Income Inc	5	74.83	77.08	81.99	-0.14	5.18
Income Acc	5	74.93	77.18	82.10	-0.14	5.14
Property Share	5	48.05	48.05	51.22	-0.16	1.09
Smaller Co's	5	48.54	48.54	51.74	-0.26	1.84
Nth American	5	64.34	64.34	68.81	+0.21	1.59
International	5	47.76	47.763	51.08	+0.27	1.44
Asset Value	5	157.69	157.69	168.85	+0.24	4.43
Wright Seligman Fund Mngrs Ltd (1700)F						
11 Blomfield St, London EC2M 7AY						01-588 0592
Intl Growth	5	112.03	112.03	117.93	----	3.98
UK Growth	5	92.66	92.66	97.54	----	3.08
UK Income	5	95.95	95.95	101.00	----	4.46
Weekly dealing day Tuesday						
The Yorkshire Unit Tst Mngrs Ltd (1100)F						
Woodsome Pk, Fenay Bdge, Huddersfield						0484 602250
Yorkshire General	5¼	56.11	57.45	62.11	-0.06	2.89
YUTM UK Eqy Inc Tst	5¼	58.42	57.33	60.99	-0.15	4.88
YUTM Intl Gwth Ts	5¼	55.88	55.88xd	59.61	+0.85	0.73

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Gr's
Baillie Gifford & Co Ltd				
Int'l Expt November 15	554.2	574.8	----	0.68
Cent. Bd. of Fin. of Church of England‡‡				
2 Fore Street, London EC2Y 5AQ				01-588 1815
Inv Fund Oct 31		512.35	----	4.98
Fxd Int Sec Oct 31		136.45	----	10.48
Deposit Oct 31		100.00	----	14.22
Charinco/Charishare‡‡ (1000)F				
33 King William Street, EC4R 9AS				01-280 2800
C'inco Inc Nov 15	162.4	166.6	+0.20	9.87
C'inco Acc Nov 15	682.7	700.6	+1.00	9.87
C'share Inc Nov 15	152.2	158.1	+1.00	3.82
C'share Acc Nov 15	168.4	174.9	+0.90	3.82
CAFINVEST—Charities Aid Foundation				
48 Pembury Rd, Tonbridge TN9 2JD				0732 771333
Balanced Growth	51.47	52.95	----	4.00
Income	49.52	50.54	----	8.00
Charities Official Invest. Fund‡‡				
2 Fore Street, London EC2Y 5AQ				01-588 1815
Income Oct 31		459.94	----	5.23
Accum Oct 31		1657.68	----	-
Edinburgh Fund Mngrs PLC				
Exempt Funds				
American Nov 15	145.2	149.2	+4.6	1.50
Managed Nov 15	137.5	142.7	+2.5	2.02
Japan Nov 16	153.1	157.3	+0.4	0.13
Pacific Nov 17	539.3	554.1	+8.0	0.19
Sm Jap Cos Nov 3 (accum)	374.0	384.3	----	0.09
Fidelity Investment Services Ltd				
Mngd Pens P'folio	132.0	135.7	+0.40	0.77
Robert Fleming Asset Mngmt Ltd				
Am Exempt Nov 14	£442.23	446.99	----	3.61
Gen Exempt Nov 14	£126.63	129.23	----	3.82
Jap Exempt Nov 14	£698.80	712.20	----	0.41
Pacific Exempt Nov 14	£101.42	103.84	----	2.49
Contl Euro Exmpt Nov 14	£92.76	94.55	----	2.62
Indexed Exempt Nov 14	£115.58	118.47	-0.05	4.39
O'seas Indexd Expt Nov 14	£115.8	118.4	+1.3	1.89
Foreign & Colonial Pens Mngt Ltd				
Exempt Funds				
Anglo-Nippon Nov 13	2274.6	2388.9	+30.7	0.81
European Inc Nov 13	107.7	113.6	+3.5	1.84
European Acc Nov 13	114.9	121.2	+3.5	1.84
North American Nov 13	573.3	594.6	+10.9	1.35
South East Asia Nov 13	309.9	325.6	+4.2	2.08
Funds in Court*				
Capital Oct 18	480.9	482.8	----	2.13
Gross Oct 18	196.2	197.1	----	7.36
High Yield Oct 18	286.8	288.2xd	----	5.96
* Restricted to monies under Court control				
Henderson Unit Trust Management Ltd				
Pensions Mngd	50.56	52.97xd	+0.29	2.97
Lazard Brothers & Co. Ltd				
Property Nov 2	£3100.0	3260.0	----	4.9
Inc Gth Prp Oct 1	£1420.0	1480.0	----	6.8
Lazard Investors Ltd ‡‡				
Exempt Funds				
Small Co's Nov 13	£3974.3	4218.7	----	2.2
European Nov 13	£491.6	501.5	----	1.5
American Nov 13	£359.9	363.6	----	1.9
Far Eastern Nov 13	£808.2	823.5	----	0.7
Australian Nov 13	£154.9	160.2	----	2.8
Stdings Nov 13	£190.2	206.4	----	0.9
Northumbria Nov 10	£367.0	390.2	----	1.6
North West Nov 10	£245.5	266.7	----	0.7
East Coast Oct 13	£89.9	94.9	----	1.2
W Midlands Oct 31	£183.2	199.7	----	1.6
Local Authorities Mutual Invest. Tst.*				
2 Fore Street, London EC2Y 5AQ				01-588 1815
Property Oct 31		340.75	----	5.83
Equity Oct 31		829.50	----	4.27
Fxd Int Sec Oct 31		95.35	----	10.89
* Available only to Local Authorities				
M & G Securities Ltd				
Charibond	98.8	98.8xd	----	11.42
(Accum Units)	467.2	467.2	----	11.42
NAACIF November 15	-	42.4xd	----	9.21
MIM Ltd				
Exempt Funds				
Intl Mngd P'Folio	1287.0	1388.0	----	-
Mngd Pens (Acc)	66.0	70.5	----	0.80
Morgan Grenfell Inv Mngmt Ltd				
Exempt Funds				
UK Equity Nov 14	£117.38	121.21xd	----	3.01
UK Small Co Nov 14	£592.21	626.22xd	----	1.93
Fixed Interest Nov 14	£97.67	98.18xd	----	8.95
US Small Co Nov 14	143.7	148.7	----	-
Managed Nov 14	103.26	108.66	----	-
Intl Bond Nov 14	-	100.00	----	-

Murray Johnstone UT Mngmt

	Bid Price	Offer Price	+ or -	Yield Gross
Albany Life Assurance Co Ltd—Contd.				
European Fd Acc(z)	263.7	277.5	+0.2	-
Intl Fxd Int Fd Acc(z)	210.9	221.9	+0.3	-
Fixed Int Acc(z)	346.7	364.9	-0.2	-
Gtd Money Fd Acc(z)	242.9	255.6	+0.1	-
High Income Fd Acc(z)	115.7	121.7	+0.7	-
Intl Man Fd Acc(z)	423.3	445.5	+1.6	-
Japan Fd(z)	314.4	330.9	-0.7	-
UK Smllr Co's Fd Acc(z)	111.8	117.6	-0.2	-
Europlus Metro	118.9	125.1	+0.1	-
Global Metro	106.4	111.9	+0.1	-
Sunrise Metro	124.0	130.5	+0.5	-
UK Metro	108.6	114.3	-0.3	-
Nth American Fd Acc(z)	212.5	223.6	+0.3	-
Pac Basin Fd Acc(z)	164.1	172.7	+0.3	-
Prop Fd Acc(z)	351.7	370.2	-	-
MINtegrum	96.7	101.7	----	-
Multiple Inv Acc(z)	720.8	758.6	+2.2	-
Pension Funds				
Brit. Blue Chip Acc(z)	155.2	163.3	+0.5	-
EA Pen Fd Acc(z)	2013.0	2118.8	+12.4	-
Euro Fd Acc(z)	357.0	375.7	+0.4	-
Fixed Int. Acc.(z)	720.3	758.1	-0.5	-
Gt. Money Pn Acc(z)	446.2	469.6	+0.2	-
High Interest	151.4	159.3	+0.1	-
High Income Pn Acc(z)	121.3	127.6	+1.0	-
Intl Man Fd(z)	648.9	683.0	+3.3	-
Jap Pen Fd Acc(z)	451.2	474.9	-0.2	-
UK Smllr Co's Fd Acc(z)	115.9	122.0	-0.2	-
Europlus Metro	131.3	138.2	+0.3	-
Global Metro	112.21	118.1	+0.3	-
Sunrise Metro	139.0	146.2	+0.8	-
UK Metro	115.5	121.6	-0.4	-
N Am Pn Fd Acc(z)	267.7	281.7	+2.9	-
Pac Basin Fd Acc(z)	197.9	208.2	+0.5	-
Property(z)	623.4	656.1	+0.1	-
Mtple Inv Pens Acc(z)	1468.0	1545.2	+4.3	-
Broker Funds				
Prof. Pen. Fd	98.0	103.1	+0.3	-
YRA Strategy	125.7	132.3	+0.3	-
YRA Performance	108.8	114.5	+0.2	-
Laughton Dollar (SD)	140.6	148.0	----	-
Allied Dunbar Assurance Plc				
Allied Dunbar Ctr, Swindon SN1 1EL				0793 514514
Fixed Int. Dep. Acc	269.8	284.0	----	-
Equity Acc	871.0	916.9	+2.2	-
Property Acc	518.9	546.3	+0.3	-
Far East Acc	221.6	233.3	+0.8	-

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Premium Life Assurance Co Ltd
37-39 Perrymount Road Haywards Heath 0444 458721

Prudential Holborn Pensions Ltd—Contd.

	Bid Price	Offer Price	+ or –	Yield Gross
Index Linked Gilts	204.9	215.7	–0.3	–
Guaranteed	[illegible]		–0.12	–
International Money	211.0	222.2	+0.6	–
North American	80.7	85.0	+1.0	–
Japanese	162.3	170.9	–0.1	–
European	104.2	109.7	+0.2	–
Special Situations	109.1	114.9	–0.4	–
Communications	101.6	107.0	–0.1	–
Smaller Companies	104.0	109.5	–0.2	–
International Small Cos	140.1	147.5	+0.8	–

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-548 3281

	Bid Price	Offer Price	+ or –	Yield Gross
Discretionary Nov 8	£159.02	168.86	+2.00	–
Equity Nov 8	£164.64	175.84	+2.72	–
International Nov 8	£28.30	28.93	+0.38	–
Intl Bond Nov 8	£12.87	13.03	+0.03	–
Fixed Int Nov 8	£74.12	74.94	+0.08	–
Index Linked Nov 8	£63.78	64.58	+0.32	–
Property Nov 8	£116.51	123.38	+0.04	–
Cash Nov 9	£22.0906	22.0906	+0.0032	–
Pre-Linked Retirement Plan				
Managed Nov 9	387.0	403.2	–	–
Cash Nov 9	207.2	215.9	–	–
Prudential Pensions Investment Account				
Pens Mngd Nov 14	154.6	166.3	–0.7	–
Pens UK Eq Nov 14	283.5	335.7	–2.3	–
Pens Intl Nov 14	196.1	211.0	–0.1	–
Pens Fixed Nov 14	170.4	174.2	–	–
Pens Index Lk Nov 14	165.0	174.2	–	–
Pens Cash Nov 14	135.2	142.5	–	–

Professional Life Assurance Co Ltd
Southampton 0703 [illegible]

Prolific Life & Pensions Ltd
Cumbria LA9 4BE 0539 733733

Regency Life Assurance Co Ltd
Regency Hse, Lanark Sq, London E14 9XS 01-538 8800

	Bid Price	Offer Price	+ or –	Yield Gross
Aggressive Ptflio Fd	118.9	125.1	–0.1	–
Balanced Ptflio Fd	310.0	326.3	–0.3	–
Cautious Ptflio Fd	122.5	128.9	–	–
Elite Fund	106.5	112.1	–0.6	–
European Fund	92.5	97.3	+0.2	–
Far East Fund	110.9	116.7	+0.3	–
Fixed Interest Fund	243.3	256.1	+0.8	–
International Fund	290.1	305.3	+0.9	–
Money Fund	182.3	191.8	+0.1	–
N American Fd	125.4	131.9	+0.8	–
Property Fund	391.0	411.5	–0.2	–
UK Equity Fd	367.7	387.0	–1.2	–

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

GUERNSEY (**)

JERSEY (**)

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1989 High	1989 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
101⅞	99⅜	Treas 13pc 1990‡‡	99⅞	......	13.06	14.78
133¾	124	Treas 2pc IL '90(84.6)	133½	−⅛	2.09	9.98
99¾	98¾	Exch 11pc 1990‡‡	99⅛	......	11.10	14.19
101⅞	99⅛	Exch. 12½pc 1990	99⅞	......	12.58	14.38
96⅜	91⅜	Treas. 3pc 1990	96⅛	......	3.12	11.91
97⅝	95⅝	Treas 8¼pc 1987-90‡‡	97⅛xd	......	8.49	13.75
98⅞	95¼	Treas. 8pc Cv 1990 ‡‡	96⅝	−⅛	8.29	13.72
98⅞	96⅛	Treas. 10pcCv 1990	97	−⅛	10.32	13.57
93¾	87⅞	Exch 2½pc 1990	92⅞xd	......	2.69	10.21
101⅞	98⅛	Treas 11¾pc 1991	98⅜	−⅛	11.94	13.21
93¼	89⅞	Funding 5¾pc '87-91‡‡	93	−⅛	6.18	11.31
90⅞	86⅛	Treas. 3pc 1991	90⅛	−⅛	3.31	9.95
100⅛	95⅛	Treas 10pc Cv '91 ‡‡	96⅛	−⅛	10.38	12.49
101⅞	96⅝	Exch. 11pc 1991	97⅝	−⅛	11.26	12.37
94⅛	91⅛	Treas. 8pc 1991	92⅛xd	−⅛	8.66	12.32
106⅞	100⅝	Treas 12¾pc 1992‡‡	101⅝	−⅛	12.56	11.88
99⅞	95⅞	Treas 10pc 1992	96⅞	−⅛	10.39	11.92
94⅝	90⅝	Treas. 8pc 1992 ‡‡	92	−⅛	8.70	11.90
100⅛	96⅝	Treas 10½pc Cv 1992‡‡	97⅛	−⅛	10.79	11.77
85⅞	82¼	Treas. 3pc 1992	84⅛xd	−⅛	3.54	9.84
105⅞	100⅛	Exch. 12¼pc '92	101	−⅛	12.56	11.88
109¼	103⅞	Exch 13½pc 1992	104⅛	−⅛	12.94	11.65
94⅞	90⅞	Treas 8¼pc 1993	91⅛	−⅛	9.03	11.49
100⅞	95⅞	Treas 10pc 1993‡‡	96⅞	−⅛	10.40	11.37
108¼	102⅞	Treas 12½pc 1993‡‡	103⅞	−⅛	12.12	11.40
88⅛	84⅛	Funding 6pc 1993‡‡	87	......	6.91	10.22
113¼	107⅞	Treas 13¾pc 1993‡‡	107⅞xd	−⅛	12.76	11.29
94⅛	89¼	Treas. 8½pc 1994	90⅞	−⅛	9.37	11.31
117⅞	111⅛	Treas 14½pc 1994‡‡	111⅞	−⅛	13.03	11.11
113⅞	107⅞	Exch 13½pc 1994	107⅞	−⅛	12.54	11.24
100⅝	95⅞	Treas. 10pc Ln. 1994‡‡	96⅛xd	−⅛	10.41	11.12
110¼	104⅛	Exch. 12½pc 1994	104½	−⅛	11.96	11.22

Five to Fifteen Years

1989 High	1989 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
96⅞	91⅛	Treas 9pc 1994‡‡	92⅞xd	−⅛	9.74	11.01
108⅞	102⅞	Treas 12pc 1995	103⅛	−⅛	11.64	11.16
79⅞	72	Exch 3pc Gas 90-95	76¾	......	3.91	3.36
101⅞	95¼	Exch. 10¼pc 1995	96¾	−⅛	10.60	11.03
113⅞	107¼	Treas 12¼pc 1995‡‡	107⅞	−⅛	11.82	10.93
119⅞	112	Treas. 14pc '96	112⅞	−⅛	12.45	11.13
97½	91⅛	Treas. 9pc 1992-96‡‡	92	−⅛	9.79	10.79
126⅞	119	Treas 15¼pc 1996‡‡	119⅞	−⅛	12.78	10.99
117⅞	110	Exch 13¼pc 1996‡‡	110⅞	−⅛	11.99	10.95
101⅞	94⅞	Conversion 10pc 1996	96⅛	−⅛	10.41	10.81
118⅞	110¾	Treas 13¼pc 1997‡‡	111⅞	−⅛	11.90	10.90
104⅞	97⅛	Exch 10½pc 1997	98⅛	−⅛	10.67	10.80
95⅞	88¾	Treas 8¾pc 1997‡‡	90⅛	−⅛	9.68	10.59
128⅞	120⅛	Exch 15pc 1997	120⅞	−⅛	12.43	11.01
100⅞	93⅞	Exch. 9¾pc 1998	94⅞	−⅛	10.28	10.69
84⅞	78⅛	Treas 6¾pc 1995-98‡‡	80⅞	−⅛	8.40	10.29
134⅞	125⅛	Treas. 15½pc '98‡‡	126	−⅛	12.29	10.84
113⅞	105⅛	Exch. 12pc 1998	106⅞xd	−⅛	11.23	10.79
100⅛	93⅞	Treas 9½pc 1999‡‡	94⅞	−⅛	10.04	10.41
115⅞	107⅛	Exch. 12¼pc 1999	108⅛	−⅛	11.27	10.75
105⅛	97⅞	Treas. 10½pc 1999	99xd	−⅛	10.60	10.64
104⅞	96⅛	Conversion 10¼pc 1999	97⅞xd	−⅛	10.50	10.63
94⅞	86⅞	Treas. 8½pc Ln 2000‡‡	88⅞	−⅛	9.62	10.35
97⅞	90	Conversion 9pc 2000‡‡	91⅛	−⅛	9.84	10.36
122⅞	113⅛	Treas. 13pc 2000	113⅞	−⅛	11.40	10.75
103⅛	95⅛	Treas 10pc 2001	96⅞	−⅛	10.33	10.47
124⅞	115½	Treas. 14pc '98-01	116⅛xd	−⅛	12.01	10.96
102⅞	94⅞	Conversion 9¾pc 2001	95⅛	−⅛	10.21	10.42
113⅞	105½	Exch. 12pc '99-02	106½	−⅛	11.25	10.82
104⅞	96⅛	Conversion 10pc 2002	97⅞	−⅛	10.26	10.37
102⅞	94⅞	Treas 9¾pc 2002	95⅞	−⅛	10.18	10.34
97⅞	89⅞	Exch. 9pc 2002	91⅛xd	−⅛	9.89	10.27
126⅞	117⅞	Treas. 13¾pc 2000-03	118⅛	−⅛	11.62	10.80
105⅛	97¼	Treas 10pc 2003	98⅞	−⅛	10.16	10.21
113⅞	104⅞	Treas. 11½pc 2001-04	105⅛	−⅛	10.87	10.61
106⅞	97⅛	Treas. 10pc 2004	98⅞xd	−⅛	10.13	10.17
59⅞	55	Funding 3½pc '99-04	55½	−⅛	6.24	8.93
102⅞	94¼	Conversion 9½pc 2004	95⅛	−⅛	9.96	10.11

Over Fifteen Years

BRITISH FUNDS—Contd

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[illegible]

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[illegible]

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[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Contd

1989 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]								
35	21	♦PML 5p	21	–1	1.0	2.0	6.3	9.5
*113	32	Panlida Group	35	–1	a1.33	♦	5.2	♦
123	80	Pentos 10p	104	+1	†1.8	5.4	2.3	10.2
*361	265	♦Pepe Group 10p	273	......	φ6.0	5.3	2.9	8.6
61	33	♦Propeller 1p	35	+2	0.5	8.4	1.9	6.4
42	17	Pamar Texts. 5p	22	......	1.75	2.4	10.6	5.2
*288	170	Ratners 10p	256	–1	†7.5	3.4	3.9	8.7
172	103	Do. Cnv Cum Pf £1	166	......	5.85%	–	4.9	–
130	75	♦Reject Shop 5p	75	......	3.15	2.8	5.6	8.2
107	88	Ritz Design Grp 5p	93	......	2.0	2.9	2.9	6.7
79	59	S&U Stores 12½p	68	+2	†4.25	3.2	8.3	5.0
43¼	37¼	Do. 31½pcPf. 12½p	40¼	......	3.94	–	12.9	–
137	98½	Sears	107	–1	†5.1	2.3	6.4	8.9
89	56	♦Shani Group 10p	65	......	†L3.4	3.1	7.0	6.1
405	337	♦Sherwood Grp 10p	337	......	†5.5	6.4	2.2	9.5
360	229	Smith (W. H.) A 50p	334	–5	10.4	2.8	4.2	11.4
193	78	♦Sock Shop Intl. 5p	93	......	a2.12	3.8	3.0	11.7
74	6	♦Specialeyes 2p	34	+1	1.88	3.1	7.4	5.8
68	43	Stirling Group 20p	46	......	1.35	3.4	3.9	9.9
198	106	Storehouse 10p	114	+1	8.8	1.0	10.5	13.2
135	37	Summer Intl. 20p	59	......	F1.0	–	2.3	–
116	70	Do. 7.5pc Cv Cm Rd Pf.	76	......	7.5	–	13.2	–
*132	108	T & S Stores 5p	116	+1	φ4.0	2.2	4.6	12.9
78	43	Tie Rack 5p	53xd	......	1.33	4.4	3.3	9.1
246	150	Time Prods. 10p	178	......	6.5	3.2	5.2	7.6
97	43	Upton & Southern	45	......	2.5	2.1	7.4	6.5
124	73	♦Usher (Frank) 5p	83	–2	6.0	2.0	9.6	6.8
91	58	Vivat Hldgs.	81	–1	–	–	–	–
88	68	♦Wersum 5p	75	......	L2.94	1.8	5.2	10.4
*237	149	Wickes	180	......	†3.5	4.3	2.6	11.0
220	110	Wilding Off. 10p	115	–5	†4.0	3.7	4.6	7.7
160	70	♦World of Leather 10p	90	......	4.5	3.7	6.7	5.4
335	198	♦Wyevale Gdn. Cnr. 50p	284	+2	†4.5	4.2	2.1	14.7

ELECTRICALS

1989 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
446	278	AB Electronic	282	–3	17.5	2.1	8.3	7.5
146	86	ABB Kent	135xd	+1	†3.5	1.8	3.5	18.1
46	28	AMS Inds 5p	24	......	1.5	0.5	8.3	29.7
190	152	♦Acal 5p	152	......	4.05	3.5	3.6	9.8
33	18	♦Acorn Cmptr 10p	22	......	–	–	–	13.1
202	129	Admiral Computing 5p	202	+2	†2.55	4.7	1.7	17.0
150	48	Alba 10p	55	......	4.35	1.7	10.5	7.4
*166	65	Alphameric 5p	88	–1	2.0	–	3.3	–
42	25	♦Ambassador Sec 5p	28	......	–	–	–	6.8
193	38	Amstrad 5p	47	+2	1.4	φ6.4	4.0	5.2
362	225	♦Appl'd H'graphics 5p	288	......	–	–	–	–
96	57	Apricot Comp 10p	69xd	......	2.0	3.0	3.9	11.3
[illegible]								

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

1989 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
		Astra AB B Sk12½	£31¼xd	+½	hQ16%	3.4	0.6	–
		Awkett Assocs. 5p	113	...	W3.0	2.9	3.5	12.3
		Avon Rubber £1	443	–2	tq14.0	3.8	4.2	7.9
		BBA Group	152	......	6.45	2.7	5.7	7.5
		Do. 6.3pc Cv Rd Cr Pf	95	......	6⅜%	–	9.5	–
		BET	253	–2	11.5	1.9	6.1	11.0
		♦BImec Inds. 5p	43½xd	......	†u0.75	1.1	2.3	40.0
		♦BLP Group 10p	61	.....	†3.6	1.3	7.9	8.0
[illegible]								

INDUSTRIALS (Miscel.)—Contd.

1989 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
*500	280	Mid Kent Hldgs.	390	+5	6.0	–	2.7	–
109	89	Do. Wrrts.	89	......	–	–	–	–
*32	17½	Min. & Allied Sqds 12½p	22	......	–	–	–	–
213	138	MITIE Group 50p	163	–5	–	–	–	22.2
125	59	♦Morris & Crane 10p	77	...	3.83	2.4	6.6	8.3
330	236	Morgan Crucible	298xd	–6	†10.9	1.9	4.9	12.9
135	104	Do. 7.5pc Cnv Rd Prf.	129	–2	7.5	–	7.8	–
372	285	Mosaic Invs. 10p	318	......	5.5	3.3	2.3	14.9
[illegible]								

INSURANCES

[illegible]

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LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING — Contd

[illegible]

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[illegible]

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[illegible]

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[illegible]

Finance, Land, etc

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OIL AND GAS

[illegible]

OIL AND GAS — Contd

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PLANTATIONS

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[illegible]

Teas

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Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

MINES — Contd

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

For Tullow Oil see Oils & Gas

High	Low	Stock		Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
113	60	UPL Group 10p	γ	65	.....	2.75	1.9	5.6	12.3
150	129	Unit Group	γ	129	.....	5.0	3.3	5.2	7.3
100	66	Video Magic Leis. 1p	γ	79	.....	W2.0	0.7	3.4	63.3
14	4½	Vista Ents 5p	γ	5	.....	—	—	—	—
40	21	Vizcaya Hldgs 5p	γ	23	-2	—	—	—	—
46½	23	Whitegate Leisure 20p	γ	38½	.....	—	—	—	—
32½	10	Do. Wrrnts	γ	25	.....	—	—	—	—
10¼	5	Wilton Group 1p	γ	5½	+½	—	—	—	—

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	γ	87	.....
Craig & Rose £1	γ	830xd	.....
Finlay Pkg. 5p	γ	66	.....
Holt (Jos) 25p	γ	1343	.....

IRISH

Cap. 8½% Ln. 1991	£96¾	.....
9pc Cap Ln. 1996	£97¼	.....
Fin. 13% 97/02	£116	.....

Arnotts		405xd	.....
Carrol (P.J.)	γ	143	.....
Hall (R. & H.)		162	-3
Helton Hldgs	γ	88	.....
IRG		228	.....
United Drug		130	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	41
Amstrad	6½
Astec (BSR)	5¾
BAT	67
BOC Grp	44
BTR	37
Barclays	40
Blue Circle	20
Boots	23
Bowaters	39
Brit Aerospace	46
British Steel	9
Brit. Telecom	22
Cadburys	31
Charter Cons	42
Comm Union	40
Courtaulds	31
Eurotunnel	65
FKI	8
FNFC	22
Gen Accident	92
GEC	19
Glaxo	120
Grand Met	44
Guardian	19
GKN	33
Hanson	18
Hawker Sidd	55
ICI	90
Jaguar	85
Ladbroke	25
Legal & Gen.	31
Lex Service	26
Lloyds Bank	31
Lucas Inds.	54
Marks & Spencer	16
Midland Bk	26
Morgan Grenfell	38
Nat West Bk	23
P & O Dfd	51
Polly Peck	38
Racal Elect	20
RHM	39
Rank Org Ord.	72
Reed Intnl	34
STC	25
Sears	9
SmKl. Beecham A	48
TI	38
TSB	9
Tesco	16
Thorn EMI	63
Trust Houses	23
T&N	16½
Unilever	57
Vickers	22
Wellcome	55

Property

Brit Land	27
Control Secs	5
Land Securities	45
MEPC	45
Mountleigh	13

Oils

Brit Petroleum	25
Burmah Oil	65
Charterhall	2½
Conroy Petlm	9
Premier	10½
Shell	37
Tuskar Res	12
Ultramar	28½

Mines

Lonrho	23
RTZ	45

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and pound weaker

THE DOLLAR weakened, in spite of a narrowing of the US trade gap, and sterling fell below DM2.90 on the foreign exchanges yesterday as major currencies continued to lose ground to a strong D-Mark.

Immediate reaction to a smaller than expected US trade deficit of $7.94bn in September was for the dollar to improve, but the US currency was soon hit by heavy profit-taking.

The market was looking for a trade gap of about $9bn, but rumours had circulated in the Far East that the data would be better than expected.

This gave the dollar a firm undertone, and on publication of the figures the currency rose to a peak of DM1.8505.

Dealers said the trade news was encouraging, but not good enough to change the market's view of the dollar's appeal when compared with the D-Mark.

The US currency retreated as quickly as it had advanced, to test DM1.83, before rallying slightly to close the session at DM1.8350.

The dollar rose to SFr1.6280 from SFr1.6230 and was unchanged at FFr6.2475 and rose slightly to Y143.75 from Y143.70.

On Bank of England figures the dollar's index fell to 69.6 from 69.7.

The D-Mark continued to gain from its appeal on interest rate differentials, even though the West German Bundesbank left its credit policies unchanged at yesterday's council meeting.

Long term Euro D-Marks are slightly higher than the equivalent dollar rates and Frankfurt maintains a strong interest rate advantage over Tokyo.

The D-Mark rose to Y78.18 in the Far East, and advanced to Y78.34 at the close in London.

Reports that the Japanese may be forced to increase interest rates was encouraged by intervention by the Japanese central bank to sell $300m, when the dollar rose to Y144.00 in Tokyo.

High yielding currencies appear to be losing some of their attraction, as speculative money returns to the D-Mark.

Sterling fell through support at DM2.9000, to close at DM2.8950. The pound is only slightly above the levels touched when Mr Nigel Lawson resigned as UK Chancellor of the Exchequer.

A rise to 9 per cent from 8.75 per cent in September UK average earnings was widely expected, but added to the depressed air surrounding sterling, after the pessimistic view of the economy in the Government's Autumn Statement.

Sterling fell 40 points to $1.5780 and fell to Y226.75 from Y227.25; to SFr2.5700 from SFr2.5675; and to FFr9.8575 from FFr9.8825. The pound's index declined 0.1 to close at 88.6.

The Australian dollar fell to 78.00 US cents at the London close, from 78.15 cents in Sydney.

The Reserve Bank of Australia indicated that it continues to regard the local currency as too firm by intervening to sell the Australian dollar yesterday.

£ IN NEW YORK

Nov.16	Latest	Previous Close
£ Spot	1.5825-1.5835	1.5800-1.5810
1 month	0.84-0.83pm	0.86-0.85pm
3 months	2.39-2.36pm	2.58-2.55pm
12 months	8.38-8.29pm	8.45-8.38pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Nov.16	Previous
8.30 am	88.7	89.1
9.00 am	88.7	89.0
10.00 am	88.7	88.9
11.00 am	88.5	89.0
Noon	88.5	88.8
1.00 pm	88.6	88.8
2.00 pm	88.7	88.8
3.00 pm	88.5	88.8
4.00 pm	88.6	88.7

CURRENCY RATES

Nov.16	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling ∮	-	1.24207	1.41839
U.S Dollar	7	1.27569	1.11148
Canadian $	12.46	1.49651	1.30120
Austrian Sch	6½	16.5329	14.4347
Belgian Franc	10¼	49.2416	43.0085
Danish Krone	10½	9.12756	7.97539
Deutsche Mark	6.00	2.34867	2.04978
Neth.Guilder	7.00	2.64961	2.31298
French Franc	10¼	7.97498	6.97062
Italian Lira	13½	1721.48	1506.77
Japanese Yen	3¼	182.806	160.275
Norway Krone	8	8.80736	7.69252
Spanish Peseta	-	149.050	130.765
Swedish Krona	9½	8.19886	7.17235
Swiss Franc	6.00	2.07363	1.81560
Greek Drach.	20½	210.340	183.705
Irish Punt	-	0.884611	0.771858

∮ Sterling quoted in terms of SDR and ECU per £.
† European Commission Calculations.
* All SDR rates are for Nov.15

CURRENCY MOVEMENTS

Nov.16	Bank of England Index	Morgan** Guaranty Changes %
Sterling	88.6	-22.4
U.S Dollar	69.6	-8.4
Canadian Dollar	105.2	+1.6
Austrian Schilling	103.0	+10.9
Belgian Franc	107.6	-12.9
Danish Krone	105.6	+0.8
Deutsche Mark	115.9	+22.6
Swiss Franc	106.8	+15.5
Guilder	112.3	+14.8
French Franc	101.2	-14.2
Lira	99.1	-19.0
Yen	135.4	+65.1

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) **Rates are for Nov.15.

OTHER CURRENCIES

Nov.16	£	$
Argentina	1023.75-1032.30	650.00-655.00
Australia	2.0200-2.0220	1.2785-1.2795
Brazil	9.3205-9.3745	5.9180-5.9480
Finland	6.7160-6.7290	4.2550-4.2570
Greece	258.55-263.05	163.75-166.40
Hong Kong	12.3340-12.3470	7.8120-7.8140
Iran	114.30*	72.20*
Korea(Sth)	1053.55-1070.60	669.60-674.80
Kuwait	0.4715-0.4735	0.2985-0.2995
Luxembourg	60.70-60.80	38.45-38.55
Malaysia	4.2665-4.2775	2.7040-2.7060
Mexico	4150.10-4168.50	2635.00-2645.00
N. Zealand	2.6780-2.6840	1.6945-1.6975
Saudi Ar.	5.9255-5.9310	3.7505-3.7515
Singapore	3.0910-3.0970	1.9610-1.9639
S. Al (Cm)	4.1575-4.1695	2.6300-2.6330
S. Al (Fn)	6.2390-6.3655	3.9525-4.0325
Taiwan	40.70-40.90	25.80-25.85
U.A.E.	5.8015-5.8070	3.6720-3.6730

*Selling rate

EURO-CURRENCY INTEREST RATES

Nov 16	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	14⅞-14¾	14⅞-14¾	15⅛-14⅞	15⅛-15	14⅞-14¾	14½-14⅜
US Dollar	8½-8⅜	8½-8⅜	8½-8⅜	8½-8⅜	8⅜-8¼	8⅜-8¼
Can. Dollar	12¼-11¾	12¼-11¾	12⅛-11⅞	12⅛-11⅞	12-11¾	11⅞-11⅝
D Guilder	8¼-7⅞	8⅛-8⅛	8⅛-8⅛	8⅝-8⅜	8⅝-8⅜	8⅝-8⅜
Sw. Franc	6⅜-6⅛	7-6¾	7⅜-7⅛	7⅞-7¾	7⅞-7⅝	7⅞-7¾
Deutschmark	7½-7⅜	7⅝-7½	7⅝-7½	8⅛-8⅛	8⅜-8⅛	8⅜-8⅛
Fr. Franc	10-9⅞	10⅛-10⅛	10⅜-10⅛	10⅜-10⅛	10⅜-10⅛	10⅜-10⅛
Italian Lira	12-10	13-12	12⅞-12⅛	12⅞-12⅛	12⅞-12⅝	12⅞-12½
B. Fr. (Fin)	9⅞-9⅞	9⅞-9⅞	9⅞-9⅞	9⅞-9⅞	9⅞-9⅞	9⅞-9⅞
B. Fr. (Con)	9⅞-9½	9⅞-9½	10⅛-9⅞	10⅛-9⅞	10-9⅞	9⅞-9½
Yen	6⅛-6⅛	6⅛-6⅛	6⅛-6⅛	6⅞-6⅞	6⅞-6⅞	6⅞-6⅞
D Krone	12⅜-11⅞	12⅜-12⅛	12⅜-12⅛	12⅜-12⅛	11⅝-11⅜	11⅝-11⅜
Asian $Sing	8⅛-8⅛	8⅛-8⅛	8½-8⅜	8½-8⅜	8⅜-8¼	8⅜-8¼

Long term Eurodollars: two years 8⅜-8¼ per cent; three years 8⅛-8⅛ per cent; four years 8½-8⅜ per cent; five years 8⅝-8½ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

POUND SPOT- FORWARD AGAINST THE POUND

Nov.16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5700-1.5825	1.5775-1.5785	0.83-0.81cpm	6.24	2.49-2.46pm	6.27
Canada	1.8435-1.8520	1.8460-1.8470	0.43-0.33cpm	2.47	1.21-1.09pm	2.49
Netherlands	3.26¼-3.28½	3.26¾-3.27¾	1¾-1⅝cpm	6.43	5⅛-5⅛pm	6.35
Belgium	60.65-61.20	60.70-60.80	27-22cpm	4.84	80-72pm	5.00
Denmark	11.27¾-11.34	11.27¾-11.28¾	2⅞-1⅞orepm	2.26	7¾-7pm	2.61
Ireland	1.0915-1.0990	1.0930-1.0940	0.45-0.35pm	4.39	0.95-0.85pm	3.29
W. Germany	2.81½-2.91¼	2.89¼-2.89¾	1¾-1⅝pfpm	6.99	4¾-4⅝pm	6.56
Portugal	248.85-250.50	249.30-250.30	37-19cpm	1.35	7-50dis	-0.46
Spain	185.00-186.50	186.10-186.40	18-9cpm	0.86	31-15pm	0.49
Italy	2132-2139¾	2133-2134	5-3lirepm	2.25	13-11pm	2.25
Norway	10.85½-10.89¾	10.88-10.89	3-2⅞orepm	3.10	8⅞-8¼pm	3.15
France	9.85-9.90	9.85¼-9.86¼	3⅞-3¼cpm	4.26	11⅛-10⅞pm	4.46
Sweden	10.14½-10.19	10.15¾-10.16¾	2⅞-2⅝orepm	3.25	7⅛-6½pm	2.73
Japan	226¼-228	226¼-227¼	1⅝-1½ypm	8.27	4⅝-4½pm	8.05
Austria	20.34-20.50	20.34-20.37	11⅛-10⅛gropm	6.30	33¼-30½pm	6.25
Switzerland	2.56½-2.57½	2.56½-2.57½	1⅝-1½cpm	7.30	4½-4⅜pm	6.91
ECU	1.4155-1.4240	1.4155-1.4165	0.53-0.50cpm	4.34	1.49-1.44pm	4.12

Commercial rates takes towards the end of London trading. Belgian rate is convertible francs. Financial franc 60.85-60.95 Six-month forward dollar 4.77-4.72cpm 12 Months 8.50-8.40cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Nov.16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5700-1.5825	1.5775-1.5785	0.83-0.81cpm	6.24	2.49-2.46pm	6.27
Ireland†	1.4380-1.4455	1.4440-1.4450	0.29-0.25cpm	2.25	1.17-1.07pm	3.11
Canada	1.1690-1.1720	1.1690-1.1700	0.36-0.38cdis	-3.79	1.10-1.15dis	-3.84
Netherlands	2.0655-2.0875	2.0695-2.0705	0.02pm-0.05cdis	-0.20	0.01pm-0.03dis	-0.04
Belgium	38.45-38.75	38.45-38.55	3.50-5.50cdis	-1.40	11.00-15.00dis	-1.34
Denmark	7.14-7.19½	7.14¾-7.15¾	2.25-2.60oredis	-4.06	6.50-7.00dis	-3.76
W. Germany	1.8295-1.8500	1.8345-1.8355	0.10-0.08pfpm	0.59	0.10-0.08pm	0.20
Portugal	158.00-158.65	158.00-158.10	60-70cdis	-4.92	260-285dis	-6.88
Spain	117.20-118.20	118.10-118.20	48-58cdis	-5.42	170-180dis	-5.96
Italy	1350½-1357½	1351¾-1352¾	4.20-4.70liredis	-3.94	13.80-14.80dis	-4.22
Norway	6.88-6.93½	6.89½-6.90	1.60-1.95oredis	-3.08	5.60-6.00dis	-3.35
France	6.22¾-6.28½	6.24½-6.25	0.82-0.92cdis	-1.67	2.90-3.05dis	-1.90
Sweden	6.42½-6.46¼	6.43¾-6.44¼	1.69-1.84oredis	-3.28	5.70-6.05dis	-3.64
Japan	143.35-144.55	143.70-143.80	0.27-0.25ypm	2.16	0.64-0.61pm	1.73
Austria	12.93¼-12.99½	12.93¾-12.94¼	0.15pm-0.25grdis	-0.18	0.20-1.60dis	-0.28
Switzerland	1.6195-1.6420	1.6275-1.6285	0.15-0.12cpm	0.99	0.24-0.19pm	0.53
ECU	1.1155-1.1180	1.1155-1.1165	0.18-0.17cpm	1.88	0.62-0.59pm	2.17

Commercial rates taken towards the end of London trading.† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.55-38.65.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Nov.16	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0085	+1.30	+0.98	±1.5424
Danish Krone	7.85212	7.97539	+1.57	+1.25	±1.6419
German D-Mark	2.05853	2.04978	-0.43	-0.75	±1.1019
French Franc	6.90403	6.97062	+0.96	+0.64	±1.3719
Dutch Guilder	2.31943	2.31298	-0.28	-0.60	±1.5019
Irish Punt	0.768411	0.771858	+0.45	+0.13	±1.6689
Italian Lira	1483.58	1506.77	+1.56	+1.56	±4.0815
Spanish Peseta	133.804	130.765	-2.27	-2.27	-

Changes are for Ecu, therefore positive change denotes a weak currency
Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Nov.16	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.578	2.895	226.8	9.86	2.570	3.268	2134	1.847	60.75
$	0.634	1	1.835	143.7	6.248	1.629	2.071	1352	1.170	38.50
DM	0.345	0.545	1	78.34	3.406	0.888	1.129	737.1	0.638	20.98
YEN	4.409	6.958	12.76	1000.	43.47	11.33	14.41	9409	8.144	267.9
F Fr.	1.014	1.600	2.936	230.0	10.	2.606	3.314	2164	1.873	61.61
S Fr.	0.389	0.614	1.126	88.25	3.837	1	1.272	830.4	0.719	23.64
H Fl.	0.306	0.483	0.886	69.40	3.017	0.786	1	653.0	0.565	18.59
Lira	0.469	0.739	1.357	106.3	4.620	1.204	1.531	1000.	0.866	28.47
C $	0.541	0.854	1.567	122.8	5.338	1.391	1.769	1155	1	32.89
B Fr.	1.646	2.598	4.765	373.3	16.23	4.230	5.379	3513	3.040	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS

[illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS

[illegible]

LIFFE BUND FUTURES OPTIONS

[illegible]

LIFFE $/$ OPTIONS

[illegible]

LIFFE EURODOLLAR OPTIONS

[illegible]

LIFFE SHORT STERLING OPTIONS

[illegible]

CHICAGO

U.S. TREASURY BONDS (CBT) 8%

[illegible]

JAPANESE YEN (IMM)

[illegible]

POUND-$ (FOREIGN EXCHANGE)

[illegible]

DEUTSCHE MARK (IMM)

[illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT

[illegible]

U.S. TREASURY BILLS (IMM)

[illegible]

THREE-MONTH EURODOLLAR (IMM)

[illegible]

US TREASURY BONDS 8%

[illegible]

SWISS FRANC (IMM)

[illegible]

STANDARD & POORS 500 INDEX

[illegible]

6% NOTIONAL GERMAN GOVT. BOND

[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND

[illegible]

THREE MONTH STERLING

[illegible]

THREE MONTH EURODOLLAR

[illegible]

THREE MONTH EUROMARK

[illegible]

THREE MONTH ECU

[illegible]

FT-SE 100 INDEX

[illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

Series		Vol	Last	Vol	Last	Vol	Last	Stock
Nat.Ned. P	Fl. 65	65	1.60	1	[illegible]			[illegible]
Philips C	Fl. 55	219	0.60	1091	[illegible]			[illegible]
Philips P	Fl. 47.50	324	1.80	-	[illegible]			[illegible]
Royal Dutch C	Fl. 140	749	3.80	20	[illegible]			[illegible]
Royal Dutch P	Fl. 130	89	1.20	2	[illegible]			[illegible]
Unilever C	Fl. 160	1105	2.30	239	[illegible]			[illegible]
Unilever P	Fl. 140	298	0.90	8	[illegible]			[illegible]
Van Ommeren C	Fl. 35	75	0.50	65	[illegible]			[illegible]
Wessanen C	Fl. 70	190	1.30	11	[illegible]			[illegible]

TOTAL VOLUME IN CONTRACTS : 41,670
A=Ask B=Bid C=Call P=Put

MONEY MARKETS

Slightly firmer tone

LONGER TERM interest rates had a firmer tone on the London money market yesterday with one-year interbank rising to 14½-14⅜ per cent from 14⅜-14¼ but the important three-month rate was unchanged at 15⅛-15 per cent.

UK clearing bank base lending rate 15 per cent from October 5

The Autumn Statement by Mr John Major, the UK Chancellor, was slightly more pessimistic than expected, but the market drew some comfort from yesterday's further comment by Mr Major that interest rates will come down as inflation starts to fall.

On Liffe trading in sterling based instruments was routine. March short sterling futures held within a narrow range of 86.00 to 86.10, before closing at 86.02 against 86.16 previously. Sentiment was depressed by a weakening of the pound on the foreign exchanges.

The Bank of England forecast a moderate money market credit shortage of £300m, but revised this to a shortage of £350m in the afternoon. Total help of £272m was provided.

The authorities did not operate in the market before lunch, but in the afternoon bought £257m bills, by way of £233m bank bills in band 1 at 14⅞ per cent and £24m Treasury bills in band 2 at 14⅞ per cent. Late assistance of around £15m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £567m, with a rise in the note circulation absorbing £85m and bank balances below target £105m. These factors outweighed Exchequer transactions adding £455m to liquidity.

In Frankfurt there was no surprise when a regular meeting of the Bundesbank council left the discount rate at 6 per cent and the Lombard emergency financing rate at 8 per cent.

Call money fell sharply to 7.35 per cent from 7.65 per cent on the Frankfurt money market, as banks reamined well supplied with liquidity. Banks reserve holdings at the Bundesbank averaged DM63.3bn for the first 14 days of November. This is well above the likely average requirement for the whole month of DM56bn. Banks made no borrowings under their Lombard facilities on Wednesday and are now pushing surplus cash out on to the open market.

In Paris the Bank of France left its money market intervention rate at 9.50 per cent when injecting liquidity.

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov.16) 3 months US dollars		6 months US Dollars	
bid 8⅜	offer 8½	bid 8⅛	offer 8¼

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime) — Treasury Bills and Bonds

Prime rate	10½	One month	6.79	Three year	7.70
Broker loan rate	9½	Two month	7.97	Four year	7.72
Fed.funds	8¼	Three month	7.91	Five year	7.74
Fed.funds at intervention	-	Six month	7.81	Seven year	7.81
		One year	7.69	10-year	7.82
		Two year	7.71	30-year	7.88

Nov.16	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.30-7.40	7.80-7.90	8.15-8.30	8.20-8.35	8.20-8.35	8.00
Paris	9⅞-10⅛	10⅛-10⅛	10⅛-10⅛	10⅛-10⅛	10¼-10⅜	9.50
Zurich	6⅞-6⅝	7¼-7½	-	7¼-7½	-	-
Amsterdam	8.20-8.30	8.32-8.42	-	8.40-8.50	-	-
Tokyo	5⅞-6⅛	6⅞-6⅞	-	6⅞-6⅞	-	-
Milan	12¼-12⅝	12⅝-12⅞	-	12½-13	-	-
Brussels	8.95	9⅞-9⅞	-	9⅞-9⅞	-	-
Dublin	10⅝-10⅞	10⅝-10⅞	10⅝-10⅞	11⅛-11⅞	12-12⅛	-

LONDON MONEY RATES

Nov 16	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	16	14⅞	15	15⅛	14⅞	14½
Interbank Bid	11	14⅞	14⅞	15	14¾	14⅜
Sterling CDs.	-	-	15	15	14¾	14⅝
Local Authority Deps.	14⅞	14⅞	14⅞	15	14¾	14⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps.	15½	14⅞	14⅞	14⅞	-	-
Company Deposits	-	-	15	15⅛	14⅞	14½
Finance House Deposits	-	-	15	15⅛	14⅞	14½
Treasury Bills (Buy)	-	-	14¾	14½	-	-
Bank Bills (Buy)	-	-	14¾	14½	13⅞	-
Fine Trade Bills (Buy)	-	-	15⅛	15⅛	14½	-
Dollar CDs.	-	-	8.47	8.40	8.23	8.15
SDR Linked Dep. Offer	-	-	8⅞	9⅛	9⅛	9
SDR Linked Dep. Bid	-	-	8⅞	8⅞	8⅞	8⅜
ECU Linked Dep. Offer	-	-	10⅛	10⅝	10⅝	10½
ECU Linked Dep. Bid	-	-	10⅛	10½	10½	10⅜

Treasury Bills (sell); one-month 14⅞ per cent; three months 14⅜ per cent; Bank Bills (sell): one-month 14⅞ per cent; three months 14⅞ per cent; Treasury Bills; Average tender rate of discount 14.3433 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day October 31, 1989. Agreed rates for period November 26 1989 to December 25, 1989. Scheme I: 15.66 p.c.. Schemes II & III: 16.22 p.c. Reference rate for period Sept 30,1989 to October 31, 1989, Scheme IV&V: 15.084 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15 from November 1, 1989: Bank Deposit Rate for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent; Under £100,000 11½ per cent from Oct 9,1989, Deposits withdrawn for cash 5 per cent.

BASE LENDING RATES

	%		%		%
ABN Bank	15	Clydesdale Bank	15	NatWestminster	15
Adam & Company	15	Comm.Bk.N.East	15	Northern Bank Ltd	15
Allied Trust Bank	15	Co-operative Bank	*15	Norwich Gen. Trust	15
Allied Irish Bank	15	Coutts & Co	15	PROVINCIAL Bank Limited	15
● Henry Ansbacher	15	Cyprus Popular Bk	15	Provincial Bank PLC	16
Associates Cap Corp	15	Dunbar Bank PLC	15	R. Raphael & Sons	15
Authority Bank	15	Duncan Lawrie	15	Roxburghe Guarantee	15½
● B & C Merchant Bank	15	Equatorial Bank plc	15	Royal Bk of Scotland	15
Bank of Baroda	15	Exeter Trust Ltd	15½	Royal Trust Bank	15
Banco Bilbao Vizcaya	15	Financial & Gen. Bank	15	● Smith & Williamson Secs.	15
Bank Hapoalim	15	First National Bank Plc.	16	Standard Chartered	15
Bank Credit & Comm.	15	● Robert Fleming & Co.	15	TSB	15
Bank of Cyprus	15	Robert Fraser & Ptnrs.	15½	United Bk of Kuwait	15
Bank of India	15	Girobank	15	United Mizrahi Bank	15
Bank of Scotland	15	● Guinness Mahon	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	HFC Bank plc	15	Western Trust	15
Barclays Bank	15	● Hambros Bank	15	Westpac Bank Corp.	15
Beneficial Trust Ltd	15	Hampshire Trust Plc	15	Whiteaway Laidlaw	15
Brit Bk of Mid East	15	Heritable & Gen Inv Bnk	15	Yorkshire Bank	15
● Brown Shipley	15	● Hill Samuel	§15		
Business Mtge Trust PLC	15½	C. Hoare & Co	15		
CL Bank Nederland	15	Hongkong & Shangh.	15		
● Charterhouse Bank	15	● Leopold Joseph & Sons	15		
Citibank NA	15	Lloyds Bank	15		
City Merchants Bank	15	Meghraj Bank Ltd	15		
		McDonnell Douglas Bnk	15		
		Midland Bank	15		
		Mount Banking	15		
		Nat Bk of Kuwait	15		

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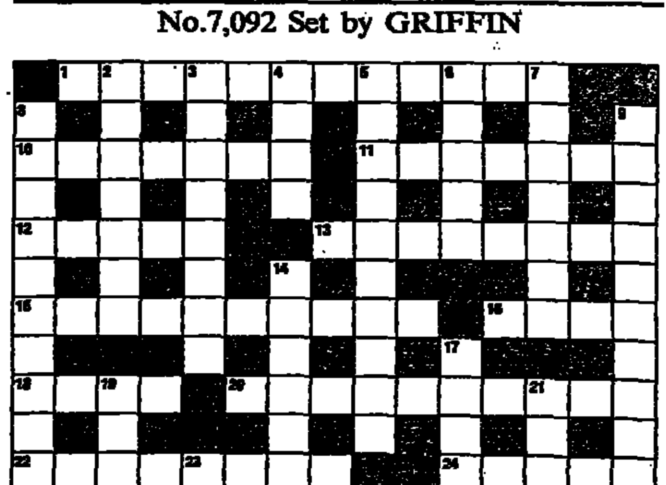
JOTTER PAD

CROSSWORD

No.7,092 Set by GRIFFIN



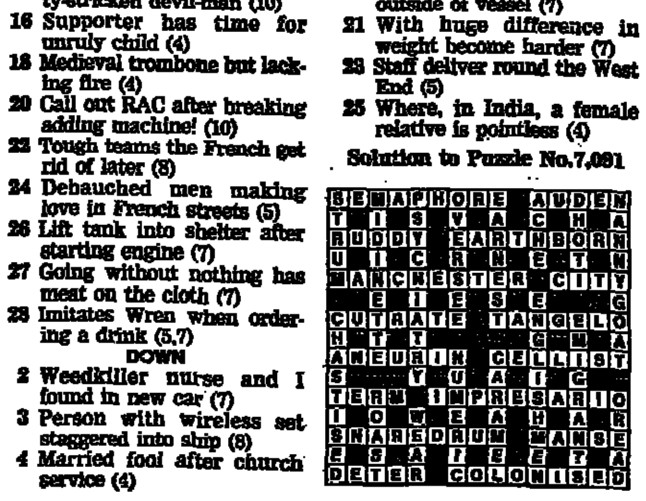
ACROSS

1 Those waiting for proper behaviour when eating? (5,7)
10 Lies about his leader missing fights (7)
11 For vehicle colour I inserted "kept in stock" (7)
12 Poles understand about feeling (5)
13 Last reminder on money is inserted (8)
15 Squalid and poverty-stricken devil-man (10)
16 Supporter has time for unruly child (4)
18 Medieval trombone but lacking fire (4)
20 Call out RAC after breaking adding machine! (10)
23 Tough teams the French get rid of later (8)
24 Debauched men making love in French streets (5)
26 Lift tank into shelter after starting engine (7)
27 Going without nothing has meat on the cloth (7)
28 Imitates Wren when ordering a drink (5,7)

DOWN

2 Weedkiller nurse and I found in new car (7)
3 Person with wireless set staggered into ship (8)
4 Married fool after church service (4)
5 Can money off include credit? That's magic! (10)
6 One travelling by air from home (Gretna Green) (5)
7 Artificial fly for a spider (7)
8 Couturier resigned after slipping below deck (5,6)
9 Daring models rouse me after arrival (15)
14 A regulator to watch (10)
17 Musician takes wine home in it (8)
19 Admit fellow once damaged outside of vessel (7)
21 With huge difference in weight become harder (7)
22 Staff deliver round the West End (5)
25 Where, in India, a female relative is pointless (4)

Solution to Puzzle No.7,091



WORLD STOCK MARKETS

AUSTRIA

BELGIUM/LUXEMBOURG

DENMARK

FINLAND

FRANCE

JAPAN

FRANCE (continued)

GERMANY

GERMANY (continued)

ITALY (continued)

ITALY

NETHERLANDS

NORWAY

SPAIN

SWEDEN

SWITZERLAND

SOUTH AFRICA

AUSTRALIA (continued)

HONG KONG

AUSTRALIA

SINGAPORE

CANADA

TORONTO

Closing prices November 15

MONTREAL

Closing prices November 15

INDICES

NEW YORK

DOW JONES

STANDARD AND POOR'S

NEW YORK ACTIVE STOCKS

TRADING ACTIVITY

CANADA

TORONTO

SWITZERLAND						
Swiss Bank Ind. (31/12/58)	736.3	732.4	732.2	740.2	829.1 (6/9)	613.1 (3/1)
TAIWAN**						
Weighted Price (30/6/66)	10407.14	10425.58	10499.58	(c)	10773.11 (25/9)	4873.01 (5/1)
THAILAND						
Bangkok SET (30/4/75)	753.18	746.22	740.75	740.01	753.18 (16/11)	386.73 (2/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	531.7	529.1	529.5	551.2 (3/8)	487.6 (13/6)

**Saturday Nov.11: Taiwan Weighted Price: 10252.40. Korea Comp Ex. 952.25.

‡ Subject to official recalculation.

Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO – Most Active Stocks

Thursday November 16 1989

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Marubeni	50.0m	970	+80	Tobu Rail	17.8m	1,800	+10
Tokyu	36.5m	3,020	+150	Mitsubishi Oil	16.4m	1,720	+20
Yasuda F&M	32.6m	1,890	+120	Kansai Paint	16.2m	1,310	+30
Nippon Carbon	20.2m	1,090	+70	Nissan Chemical	14.2m	1,320	+50
Sumitomo Metal	19.5m	751	-10				

2pm prices November 16

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		- A - A - A -								
37½	21¾	AAR	.48	1.4	21	190	34¼	33¾	34	- ¼
9⅝	8¾	ACM n	1.01	11.		97	9½	9⅜	9½	+ ⅛
11⅝	10¾	ACMIn	1.26	11.		808	11½	11⅜	11⅜	- ⅛
10⅛	8	ACM M	n1.01	12.		309	8¾	8⅝	8⅝	- ⅛
11⅝	10	ACM Se	1.26	11.		2279	11⅜	11	11⅛	+ ⅛
9⅝	8⅝	ACMSp	1.01	11.		464	9¼	9⅛	9⅛	- ⅛
18	11½	AL Lab	.12	.8	18	11	16	15⅞	15⅞	- ⅛
4⅛	3⅛	AMCA	.12e	3.6	23	22	3⅜	3⅜	3⅜	- ⅛
6⅛	4½	AM Intl			12	1112	5½	5¼	5½	+ ⅛
23⅛	20⅝	AM In pf	2	9.8		538	20⅝	d19⅞	20⅛	- ⅝
107¼	46½	AMR			8	1977	70⅝	68⅛	68¾	- ⅞
27	25	AMR pf	2.67	10.		1	25½	25½	25½	
6⅛	3⅝	ARX				16	4	4	4	+ ⅛
54⅝	37¼	ASA	3a	5.7		1165	52⅞	52¼	52⅛	- ⅝
30¼	15¼	AVX	.24	.8	28	931	29	28¼	28⅞	- ⅛
68½	44⅛	AbtLab	1.40	2.1	18	2237	65⅝	64⅞	65⅛	- ⅛
16¼	12¼	AbitibI g	1			56	12½	12½	12½	
13	7½	AcmeC	.40	4.1		7	9⅞	9⅝	9¾	- ⅛
9⅞	5⅞	AcmeE	.32	3.8	11	111	8⅛	8½	8½	
38½	20¼	Acuson			25	209	37¾	37½	37¾	+ ¼
17¼	14⅛	AdaEx	2.08e	14.		53	15⅛	15¼	15¼	- ⅛
12⅝	6½	Adobe				473	10⅞	10¾	10⅜	
18⅜	16½	Adob pf	1.84	10.		11	18½	18⅜	18⅜	
21⅝	19⅝	Adob pf	2.40	12.		25	20⅝	20⅛	20⅛	- ⅜
10⅞	7⅛	AMD				391	7¾	7½	7¾	+ ¼
35	28½	AMD pf	3	10.		16	30	29¼	30	+ ½
10⅛	6⅝	Advest	.12	1.4	12	34	8⅝	8⅝	8⅝	

Continued on Page 51

NYSE COMPOSITE PRICES

Continued from previous Page

[illegible]

AMEX COMPOSITE PRICES

2pm prices November 16

[illegible]

NASDAQ NATIONAL MARKET

2pm prices November 16

[illegible]

AMERICA

Dow drifts lower despite trade deficit figures

Wall Street

WITH double-digit moves in either direction on Tuesday and Wednesday, the equity market has not made much progress this week and yesterday it drifted down in low volume, *writes Janet Bush in New York.*

At 2 pm, the Dow Jones Industrial Average was quoted 7.55 points lower at 2,625.00 on volume by midsession of 97m shares. On Wednesday, the Dow rose 22.33 to 2,632.58.

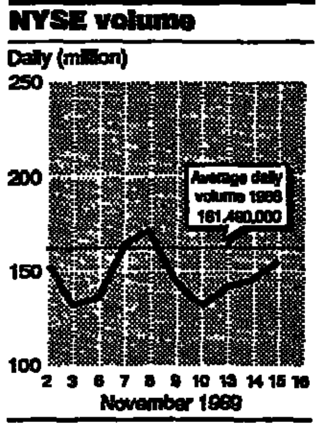
Yesterday's midsession level on the Dow was only a handful of points away from the close last Friday of 2,625.61. This stagnation can be interpreted in two ways. It is either a sign of consolidation, a positive precursor to another move higher; or it can be taken as evidence that the market is genuinely stalled, a bearish signal.

Prudential-Bache Securities appears to espouse the second view. Last week, it lowered the equity weighting in its Small Aggressive Fund Model, its benchmark portfolio, to 60 per cent from 70 per cent, and yesterday it announced that it was moving the cash portion of its portfolio into bonds.

Mr Larry Wachtel, a Pru-Bache market analyst, said that the firm was becoming increasingly cautious towards equities because of concerns about corporate earnings.

It was discouraging that the equity market did not derive any benefit from yesterday's September trade figures. The deficit narrowed to $7.94bn in September from a downward revised $10.1bn shortfall in August. There was a 1.9 per cent rise in exports and a 3.9 per cent fall in imports which, in theory, should be a good mix for the equity market.

Both the equity market and the bond market reacted negatively to the figures for opposing reasons. Modest price declines in the bond market in the morning were partly attributed to the rise in exports, which was seen as a sign of continuing strength in the economy. Equities fell, with traders citing the drop in imports as another sign that the economy was weakening.



Among featured stocks was Dun & Bradstreet, the most actively traded issue on the New York Stock Exchange during the morning session. Its share price slumped $8¾ to $42⅞ after the company said that a planned overhaul of its credit services business would reduce earnings per share by 10 per cent next year.

Campbell Soup added $⅞ to $50⅛, having gained $4⅞ on Wednesday on speculation of a bid from Philip Morris. The company announced fiscal first-quarter net income of 84 cents a share which was in line with analysts' forecasts.

Cineplex Odeon dropped $⅞ to $9⅝. Mr Garth Drabinsky, chairman, said that he had not arranged the financing for his takeover bid worth C$16.40 a share and had asked the board for an extension and amendment of his agreement to make an offer.

In over-the-counter trading, Carlton Communications' American Depositary Shares added $⅞ to $26⅜ after the British company said that it had agreed to sell a 49 per cent stake in its Zenith television production subsidiary to Paramount Communications. Terms were not disclosed. Paramount added $1 to $56.

Canada

CAUTION was the watchword in Toronto at midsession yesterday, as the composite index lost 17.1 to 3,951.6. Volume was light at 14m shares and declining shares outpaced advancing issues by 251 to 184.

Cineplex fell C$1⅞ to C$11⅞ after its chairman said he had failed to get financing for his proposed C$16.40-per-share takeover bid.

Deprenyl Research gained C$⅞ to C$17⅞ after saying on Wednesday that it had developed a new drug for Parkinson's Disease.

Laidlaw lost C$⅞ to C$36⅝ after the previous day's gains.

EUROPE

Corporate results return to the limelight

COMPANY results, or the anticipation of them, combined with other initiatives to give some markets a more active look yesterday. Others were less inspired, *writes Our Markets Staff.*

FRANKFURT responded to a batch of company news yesterday, renewed its love of cross-frontier connections and recovered virtually all of Tuesday's and Wednesday's losses. The DAX index, which fell 32.90 over those two days, jumped 31.52 or 2.1 per cent to 1,529.58 after a 7.74 rise to 643.27 in the FAZ at midsession.

Nine-month reports included a 40 per cent jump in net profits at Volkswagen, which rose another DM21 to DM468; a 19 per cent lift at the aluminium, chemicals and energy group, Viag, up DM10 at DM319.50; and a 30 per cent jump in construction volume at Holzmann, up DM20 at DM1,215.

Among shares with a foreign flavour, *Metallgesellschaft*, East Germany's largest single trading partner, improved by DM17 to DM513 after a DM16.50 gain on Wednesday; and one of October's rumour stocks, the chemicals group *Kali-Chemie*, was suspended at Wednesday's DM660 amid renewed speculation that its Belgian parent, Solvay, might bid for the shares it does not own.

Volume stayed biggish at DM5.5bn, but nowhere near Monday's DM9.7bn, and some share price movements were quite indiscriminate. Daimler, for example, gained the same DM21 (to DM668) as VW, but it did so on a slight decline in nine-month net and in turnover of DM202m against VW's DM626m.

STOCKHOLM stemmed its recent sharp losses, ending mixed in anticipation of good interim figures.

Volvo's restricted B shares closed SKr1 up at SKr434 before it reported a 13 per cent rise in nine-month profits, and a change of chief executive. Free B shares in the telecommunications group Ericsson, which reported a 172 per cent surge in nine-month profits after the close, gained SKr5 to SKr836.

The *Affärsvärlden* General index rose 1.8 to 1,175.5, finishing off its day's highs, on turnover of SKr325m.

PARIS managed a rally on the better US trade deficit figures, but volume remained low and prices ended off their best levels. It was an unconvincing performance and one analyst suggested that turnover would be a modest FFr2.2bn, of which about a third could be attributed to special situations.

Eurotunnel was the main feature, rising FFr3.15, or 7 per cent, to FFr47 after a drop of 17 per cent in two days. Bargain-hunting and some short-covering followed a newspaper article pouring cold water on stories that the Channel tunnel group was in trouble and that a large French investor planned to pull out. The Commission des Opérations de Bourse said it would investigate the sharp fall on Tuesday and Wednesday.

Maisons Phénix climbed FFr4.80 to FFr87.90 for a two-day gain of 18 per cent, following the news that Générale des Eaux, the main shareholder, was merging it with some property development companies. Eaux rose FFr79 to FFr2,150.

Bon Marché, which denied speculation that it intended to sell its furniture retailer Conforama, lost FFr43 to FFr1,000, while Conforama remained suspended as extensive demand continued.

The OMF 50 index closed 5.04 higher at 500.65 and the CAC 40 real time index was up 13.38 at 1,830.61.

MILAN opened the December account with a 3.48 rise to 655.65 in the Comit index in moderate volume, but there was a wary undertone as the market looked at over L1,000bn of capital raising operations.

Apart from the launch of rights issues from Mediobanca and Gemina yesterday, the market has seen an undersubscription at Olivetti, a long delay in the planned funding by the state telephone company, Sip, and a reduction in price from L2,850 a share to L2,650 by Pirelli SpA.

AMSTERDAM was lifted by the US trade data, but volume remained very low and most activity was again confined to the professionals. The CBS tendency index closed 1.6 higher at 179.8.

Hoogovens, the steel stock which has been depressed by hefty union wage demands, regained Fl 1.90 to Fl 81.90 following strong results from British Steel.

Pakhoed, the transport and storage company, climbed Fl 4.80 to Fl 132.0 after revising its earnings forecast for this year to more than Fl 90m from Fl 85m. This compares with last year's Fl 63.7m.

ZURICH was nudged higher in light trading, the Crédit Suisse index rising 3.2 to 597.0. Brown Boveri ended SFr60 lower at SFr6,170 after Wednesday's denial of plans to link its shares with those of its Swedish international business partner, Asea, into a single unified stock.

COPENHAGEN insurance stocks continued to pull in the buyers, although banking issues calmed down after their recent advances.

Baltica Holding rose DKr35 to DKr780 after the company's chief general manager told a local newspaper that recent heavy buying, with turnover reaching about 10 per cent of total share capital over the last few weeks, could herald a hostile bid. Fellow insurer Hafnia Holding added DKr20 to DKr562.

The bourse index picked up 2.97 to 354.47.

SOUTH AFRICA

JOHANNESBURG gold stocks fell in reaction to their recent gains, but rose above their lows as the bullion price bounced above $390 an ounce.

Continental retail stocks surge as tills keep ringing

Increased consumer spending and international links have lifted the sector, writes **Alison Maitland**

AT a time when business on the British high street is looking distinctly gloomy and consumer demand is slowing in the US, retailers on the Continent are finding plenty to smile about.

Consumer spending has been buoyant in Europe for much of this year, and now there is a surge of new demand from refugees and visitors as the Iron Curtain opens.

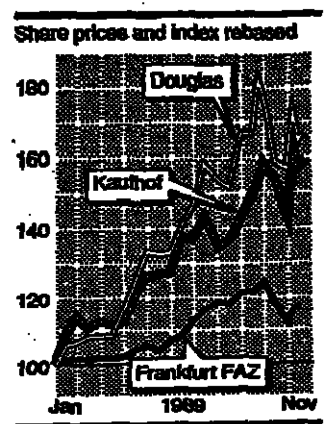
Add to this the prospect of more cross-border alliances and takeovers, together with foreign interest in the prime land sites owned by big department stores, and it becomes clear why many continental retail stocks have outperformed this year.

The big three West German department stores have climbed 56 per cent on average, compared with a rise in the FAZ index of 17 per cent. Even before the influx from the East, investors had been anticipating the benefits of next year's DM25bn tax cuts and the new year round of trade union negotiations, which could lead to wage increases of between 5½ and 6 per cent.

"Consumer spending is good in Germany because, for the seventh year, we're in an economic upturn and people feel quite pleased . . . knowing that next year they'll get another tax cut," says Mr Jens Wiecking of Merck Finck, the West German private bank.

Upmarket retailers such as Douglas are thought likely to do best out of the tax cuts, the main beneficiaries of which will be middle and upper income groups. At the other end of the scale, cheaper stores such as Asko and Massa should attract most buying from the East European newcomers, who generally have little money but an urgent need to set up new homes.

Location helps: Ava, a food and do-it-yourself retailer which has jumped 135 per cent this year, helped by takeover rumours, has hypermarkets close to the East German border. Douglas, up 67 per cent on UK buying and enthusiasm for its management, owns 73 drug stores in West Berlin.



The big department stores such as *Kaufhof*, *Karstadt* and *Horten* may look a little expensive for young East Germans. But their shares have been attracting foreign interest because of their real estate holdings. Karstadt, for example, is estimated to have an asset value of DM1,000 per share, against a market price of DM684.

The shares of big French department stores, such as Galeries Lafayette and Printemps, have also benefited from enthusiasm for their land holdings in central Paris, as the rising price of commercial property has outpaced inflation. And there has been keen interest in France in takeovers and new alliances among the food retailers.

Upmarket German retailers are thought likely to do best out of the tax cuts

The 'high' price paid by CFAO, the trading group, for La Ruche Méridionale, the southern French supermarket chain, raised hopes of more to come. The latest speculation surrounds Conforama, a furniture retailer, which some believe is up for sale, possibly to a foreign buyer. It is indirectly controlled by Mr Bernard Arnault's *Financière Agache*, and some analysts say Mr Arnault, who is also chairman of LVMH, may want to concentrate on the luxury market. Yesterday, however, Bon Marché, which controls Conforama, denied it planned to sell.

Euromarché and Docks de France are also targets of takeover speculation. Retail stocks have been in the vanguard this year, outperforming up to the October mini-crash, and then falling harder than the market, says Mr Jean-Philippe Vernes of BNP Securities. He believes they could outperform again next year, but only if another bid materialises.

Casino, the food store and restaurant group, meanwhile, has joined a cross-border alliance with Argyll of the UK and Dutch retailer Ahold, involving share swaps and a pooling of ideas and buying power.

It has also forged marketing links with La Rinascente, Italy's only listed retailer with a substantial free float. There has long been talk of Italy's growth potential – supermarkets and hypermarkets account for only 22.6 per cent of the total food market this year, compared with 10.4 per cent eight years ago and a projected 34.1 per cent in 1994. Rinascente has outperformed the market during the second half of the year, because of its scarcity value and speculation of a link-up with the only other quoted retailer, Standa.

Mr Malcolm MacLachlan, European retail analyst with UBS Phillips & Drew, expects consumer spending to grow more strongly in West Germany and the Netherlands next year, and to slow *slightly* in other continental countries, "but it will be nothing like you have in the UK. No great slump is expected in 1990."

European retail companies are more internationally-minded and less dependent on a single source of income, says Mr MacLachlan. French supermarket group Carrefour, for example, earns 30 to 40 per cent of its profits from operations in Spain, South America and the US.

Moreover, continental spenders do not borrow in the way Britons do and, in lean times, they tend to have more savings to fall back on.

ASIA PACIFIC

Speculative issues help Nikkei peak again

Tokyo

CHEERED by the overnight rise in New York and receding fears of higher interest rates, Japanese equities reached a fourth consecutive record yesterday, *writes Michiyo Nakamoto in Tokyo.*

Casting aside concern over the high levels the market has attained in its seven-day rising streak, investors continued buying selectively and pushed the Nikkei average 24.11 higher to a record 35,876.34. It had moved between a high of 35,953.16 and a low of 35,833.12.

In spite of the new high, declines outnumbered advances by 467 to 453, with 200 issues unchanged. Volume, at 1.1bn shares, was slightly weaker than Wednesday's 1.2bn. The Topix index of all listed shares gained 3.16 to 2,721.03, while the ISE/Nikkei 50 index in London added 3.30 to 2,063.91.

Amid growing expectations that the US would ease monetary policy, investors indulged in another day of active trading. But beneath the apparent bullishness, there was a lack of overall firmness and sense of direction. Institutions were sidelined before the release of US trade figures for September.

With individuals leading the market, "the menu keeps changing every day," said Mr Masami Okuma at UBS Phillips & Drew. The greater number of losses over gains indicated that "it really wasn't as good a market as it looked."

Many of the themes were well-worn, such as the story behind Tokyu Corp, the railway company, that it was seeking stable shareholders for its group companies as a defence against takeovers. Tokyu was second in volume with 36.5m shares traded and rose Y150 to Y3,020. One analyst said there tended to be a concerted effort to push speculative issues such as Tokyu when other stocks were not attracting activity.

The visit of Mr Aleksandr Yakovlev, the influential aide to Soviet President Mikhail Gorbachev, kept hopes of increased trade with the Soviet Union in investors' minds. Trading houses were selected, with Marubeni topping the actives list with 50m shares and gaining Y30 to Y970. Fisheries were also favoured.

Non-life insurers stepped on to centre stage with strong gains, partly as laggards and partly on higher gold prices. They are to be allowed to invest in gold for the first time. Yasuda Fire and Marine was third in volume with 32.6m shares and gained a hefty Y120 to Y1,890. A group of speculators was said to be buying.

Osaka was supported by strength in railways and trading houses. The OSE average rose 71.95 to another record of 37,073.19. Nintendo, the video game maker added Y400 to Y15,700 as investors saw prospects of better business as Christmas approaches.

Roundup

LACK of stimulus was the main complaint in the Pacific Basin, with one outstanding exception.

AUSTRALIA welcomed Westpac results and Adelaide Steamship's successful bid for Industrial Equity, and made allowances for the first-quarter slump at News Corp. The All Ordinaries index rose 1.7 to 1,629.4 in moderate turnover.

The 34 per cent jump in Westpac's net profits lifted the banking sector and the market. Its shares rose 16 cents to A$5.06, ANZ made 6 cents to A$5.48 and National Australia Bank gained 4 cents to A$6.74.

Among the movers and shakers, Adsteam rose 20 cents to A$7.44 and News Corp surprised the market by adding 15 cents to A$12.35 after a 58 per cent drop in first-quarter profits due to initial losses at Sky Television and the Australian pilots' dispute.

HONG KONG received its potential support too late in the day and the Hang Seng index eased 3.98 to 2,789.51 in turnover HK$99m lower at HK$891m. Hong Kong Telecom, which announced a 20 per cent rise in half-year net profits after trading closed, shed 5 cents to HK$4.57.

TAIWAN stayed weak. The weighted index, which dropped 74 on Wednesday, shed an additional 18.44 to 10,407.14.

MANILA dropped in moderate trading, the composite index falling 16.89 to 1,359.53 as investors sold because of growing political unrest in the south before a regional plebiscite.

SEOUL ended a three-day run of losses, as the composite index inched up 0.93 to 908.51.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY NOVEMBER 15 1989						TUESDAY NOVEMBER 14 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (85)	146.76	−0.8	137.54	124.46	−0.6	5.35	147.92	138.66	125.17	160.41	128.28	148.03
Austria (19)	142.98	−1.7	133.99	136.99	−2.3	1.78	145.43	136.33	140.19	172.22	92.84	96.28
Belgium (63)	142.96	+1.5	133.98	136.26	+0.7	4.06	140.90	132.09	135.34	144.49	125.58	133.33
Canada (122)	149.42	+0.5	140.03	126.97	+0.7	3.20	148.71	139.40	126.04	154.17	124.67	115.00
Denmark (35)	219.64	+1.5	205.84	213.59	+0.9	1.48	216.30	202.77	211.74	219.89	165.35	149.06
Finland (26)	121.06	+0.3	113.45	108.23	−0.3	2.61	120.74	113.19	108.61	159.16	120.74	130.14
France (127)	131.87	+0.5	123.58	129.23	+0.1	2.87	131.17	122.97	129.11	139.94	112.57	111.56
West Germany (98)	97.09	+0.2	90.99	92.80	−0.3	2.22	96.85	90.80	93.08	103.84	79.56	86.94
Hong Kong (46)	117.97	+0.3	110.56	118.34	+0.3	4.81	117.57	110.22	117.94	140.33	86.41	105.74
Ireland (17)	158.10	+0.9	148.17	154.22	+0.4	2.87	156.64	146.84	153.64	166.69	125.00	132.85
Italy (97)	88.00	−0.5	82.47	88.69	−0.8	2.58	88.42	82.89	89.38	96.73	74.97	85.48
Japan (455)	187.40	+0.3	175.62	170.22	+0.4	0.46	186.80	175.12	169.62	200.11	164.22	185.06
Malaysia (36)	197.07	+1.2	184.69	205.00	+1.1	2.59	194.81	182.63	202.69	209.22	143.36	138.84
Mexico (13)	288.82	+1.2	270.67	833.95	+1.2	0.62	285.38	267.53	824.05	326.61	153.32	168.55
Netherland (43)	125.06	+0.4	117.20	118.38	−0.1	4.49	124.53	116.74	118.53	131.72	110.68	109.40
New Zealand (18)	75.12	−0.2	70.40	67.78	−0.3	5.21	75.31	70.60	68.00	88.18	62.64	73.40
Norway (24)	170.73	−0.4	160.00	159.90	−1.0	1.57	171.45	160.72	161.56	188.39	139.92	123.48
Singapore (26)	156.70	−0.1	146.85	141.54	−0.3	2.09	156.92	147.11	141.92	170.62	124.57	119.00
South Africa (60)	169.21	+1.0	158.58	145.58	+1.1	3.90	167.60	157.12	143.96	169.21	115.36	120.65
Spain (43)	151.84	−1.1	142.30	134.58	−1.3	3.89	153.51	143.91	136.41	169.75	143.14	151.55
Sweden (35)	169.16	−0.9	158.53	161.02	−1.3	2.13	170.62	159.95	163.17	188.94	138.46	133.35
Switzerland (64)	85.18	+0.4	79.83	85.71	−0.2	2.20	84.88	79.57	85.88	94.16	67.81	85.40
United Kingdom (305)	142.46	−0.5	133.50	133.50	−0.5	4.68	143.14	134.19	134.19	158.41	133.28	138.16
USA (546)	138.34	+0.8	129.65	138.34	+0.8	3.34	137.29	128.70	137.29	146.29	112.13	107.55
Europe (995)	124.07	−0.1	116.27	117.77	−0.4	3.56	124.18	116.41	118.22	132.95	112.68	115.20
Nordic (121)	166.74	+0.2	156.26	153.55	−0.4	1.85	166.43	156.02	154.13	178.38	137.95	127.60
Pacific Basin (668)	183.08	+0.3	171.58	166.29	+0.3	0.72	182.57	171.15	165.76	194.72	160.44	180.38
Euro-Pacific (1663)	159.55	+0.2	149.52	146.89	+0.1	1.62	159.29	149.32	146.74	166.98	141.56	154.31
North America (668)	138.91	+0.7	130.18	137.64	+0.8	3.33	137.87	129.25	136.60	146.66	112.79	107.93
Europe Ex. UK (690)	111.95	+0.2	104.91	108.11	−0.3	2.85	111.73	104.75	108.43	118.51	96.30	100.74
Pacific Ex Japan (213)	131.28	−0.3	123.03	117.50	−0.2	4.85	131.68	123.45	117.74	140.05	111.93	124.43
World Ex. US (1858)	159.37	+0.2	149.36	146.44	+0.1	1.69	159.08	149.13	146.25	168.95	141.49	152.61
World Ex. UK (2099)	151.65	+0.5	142.12	144.68	+0.4	2.01	150.97	141.53	144.06	156.04	136.98	135.08
World Ex. So. Af. (2344)	150.70	+0.4	141.23	143.60	+0.3	2.21	150.15	140.76	143.13	155.92	136.67	135.43
World Ex. Japan (1949)	133.45	+0.4	125.07	129.94	+0.3	3.48	132.91	124.60	129.53	140.43	114.51	111.41
The World Index (2404)	150.81	+0.4	141.33	143.61	+0.3	2.22	150.25	140.86	143.13	155.89	136.68	135.34

The market capitalisations of Bergen Bank and Dyno Industrier (both Norway) have been adjusted following changes in foreign ownership restrictions. *Latest prices were unavailable for this edition.*

JOBS

How to get round the resignation threat

By Michael Dixon

THANKS to the wisdom of readers this column can today take a further step towards a cherished aim. It is to reduce job interviews centred on trick questions to the condition of two tape-recorders talking to each other.

My hope is that, in the end, every such question will be countered by an equal and opposite trick answer. Then recruiters at large may at last concentrate more on finding out how candidates are practically qualified for the job at issue, than on trying to trap them into disqualifying themselves with a verbal error.

By "trick" questions, I do not mean solely those that are asked with the deliberate object of fooling the interviewee. The term also covers questions which, even though put with the best of motives, are hard for candidates to answer in any way without destroying their chances of the job.

For the benefit of anyone not in the congregation when I appealed for help with the project a fortnight ago, I will repeat that a common example is: *What are your interests outside work?*

Research indicates that for every employer who favours a particular leisure-time activity, a dozen or more are likely to be hostile to it. Candidates declining to cite any may well be ditched as probably indulging in the unspeakable. Hence the only safe option is to answer: "Healthy and normal."

But the latest example on which I sought readers' advice is not so simply disarmed. It is: *What issues would you resign over?*

Forty-three of you have kindly responded. Only a dozen propose ripostes best summarised as "Get knotted" which, however justified, are perhaps impolitic. Even so the majority, while having no difficulty in solving the problem in theory, stop short of doing same in practice.

The answering strategy advocated by most theorists is to name something so universally condemned as evil that everybody would instantly resign over it. But what that something might be, remains obscure.

One of the few who offer a pointer remembers a TV interview in which Shirley Williams, a founder of the United Kingdom's original Social Democrats, was asked on what issues she would resign from the leadership of her party. Her answer was: "If it decided to restore capital punishment."

Alas, Mrs Williams was in a relatively easy position. All she had to beware of was antagonising people with broadly similar beliefs. Enthusiastic hangers were, if anything, even less likely ever to side with her party than it was to bring back the gallows.

Seekers of high-ranked jobs are less lucky. If they are to survive as candidates, any resignation issue they cite will probably have to gain the private – which need not be the same as the public – approval of several top executives apt to hold conflicting views on any specific matter of ethics at least. And the only result of naming purely abstract evils, like gross moral turpitude, will usually be a demand for specific instances.

Happily, although lack of an adequately universal anathema precludes a one-line counter, Michael Gifkins of the Logica Consultancy has suggested a longer route to the same end. It is to send the interviewer's inquiry into a loop of the "There's a hole in my bucket, dear Liza" type.

A prototype libretto, admittedly short of polish, might go as follows:

What issues would you resign over?

Any which conflicted intolerably with my personal values.

What are your personal values?

They boil down to a belief that we all have a duty to make the world better, not just for ourselves, but for our successors.

What does that mean for companies?

That besides ensuring their shorter-term success, they should be mindful of issues decisive to their health in the future.

What issues are those?

The ones I'd resign over.

Marketing head

A DIRECTOR of sales and marketing is wanted by Training and Information Network, part of the William Dawson group and a stablemate of the Reward pay and perks consultancy whose surveys have been regularly reported in this corner of the FT for over 15 years.

The new director will be responsible to Peter Brown, the chairman of TIN, for multiplying the sales volume and income of its services in the training field. They at present consist of half a dozen on-line databases, five annual directories, and one bi-monthly magazine.

The base is west London, although the company also has an operation in Ely.

Success in marketing computer systems, preferably including first-hand selling, is required. Experience in advertising and other aspects of publishing would be an advantage. Most important of all, candidates should have demonstrable commercial flair.

High performance in the job would lead to managing directorship of a subsidiary or top marketing post in the parent company within three years, or backing to start own business.

Salary indicator £27,000-£32,000. Car among perks.

Written inquiries to Mr Brown at 9 Savoy St, London WC2R 0BA; fax 01-379 3230.

Boffin

RECRUITER John Williams seeks a bond and currency boffin for a City of London concern he may not name. So, like the other headhunter to be mentioned next, he promises to abide by any applicant's request not to be identified to the employer at this stage.

The newcomer will advise the company's clients on strategic cross-currency switching and contribute to reports on international developments in currency and bonds, besides conjuring with yield-curve analysis, currency-hedging and such.

Candidates should be highly numerate computer-adepts with three-plus years experience of capital markets or fund management. Salary upwards of £50,000 plus profit share and usually munificent City perks.

Inquiries to Russell, Williams and Associates, 43-45 St Mary's Rd, London W5 5RQ; tel 01-579 1082, fax 01-568-2024.

Germany

A SENIOR equity trader is wanted by Steve Cartwright of Gordon Brown Associates to join a European bank's branch in Germany and set up a six-strong desk to operate on the country's new financial futures exchange.

Fluent German is needed, as are direct experience in futures and options markets and managerial ability to work at chief dealer level. If the recruit is successful, after three years the bank will offer a posting back to London or to another of its branches across the world.

Salary about £70,000 and bonus on results, plus car and other typical banking benefits.

Applications to Mr Cartwright at 5th Floor, 2 London Wall Buildings, London EC2M 5PP; tel 01-628 7601, fax 01-638 2738.

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LIMITED

VENTURE CAPITAL

We are a leading independent venture capital management company responsible for some £50m of institutional funds. We are currently raising our third development capital fund and are accordingly recruiting additional staff.

Initially we shall be taking on two senior and two junior venture capitalists. Candidates for the senior posts should be in their mid-thirties and have at least four years' experience of venture/development capital work, including generating and assessing propositions, structuring and negotiating transactions, monitoring investments by boardroom representation and effecting realisations. The ideal CV will include a degree and professional qualification, but more important will be track record and contacts in the field.

The junior posts offer an unusual opportunity for a rapid increase in experience and responsibility. Candidates should be in their mid-late twenties and are likely to have at least two years' experience in a venture capital management company in addition to either a professional qualification or a degree or both.

We offer an intelligent, compatible working environment free from bureaucracy and corporate politics. We value investment judgement, the development of companies and successful results above the glamour of mega-deals. We are now at an important stage of our own expansion. If joining us at this time might appeal to you, write with full CV in strict confidence to:

David Secker Walker
Causeway Capital Ltd
21 Cavendish Place
LONDON W1M 9DL

TREVOR JAMES CITY

JUNIOR FUND MANAGER — c£25,000
This first class company is seeking to recruit a Junior Bond Fund Manager. Ideally you will be in your early 20's with at least one year's institutional fund management, and some trading experience. Computer skills would also be an advantage. RB/7306.

JAPANESE EQUITY SALES — To £50,000
Several leading investment houses are actively seeking to expand their sales teams selling Japanese equities to the UK and Europe. Candidates should have at least two years relevant experience and be able to demonstrate a proven track record and established client base. RB/7294.

OPERATIONS MANAGER — To £25,000+Car
Hands-on Securities operations expert required for progressive specialist Clearer of futures and options deals. Aged between 28 and 33 years, you should have at least 5 years settlements experience, some at supervisory level. SB/7205.

FRA/IRS TRADER — Neg
Leading integrated securities House is seeking to augment its Off Balance Sheet team with a further IRS & FRA trader. Ideally you will be in your 20's and have 1-3 yrs experience trading these products. In return you will receive a very generous package with the benefits attached to working with a highly prestigious house. SS/7299.

SENIOR BOND SALES — £60,000
This leading international bank is undergoing a major expansion of its multicurrency retail team and is consequently seeking a Senior Salesman to lead from the front. An ideal position for someone with over 5 years bond sales experience, strong leadership qualities and the desire to succeed. SS/7288.

5 London Wall Buildings
Finsbury Circus, London EC2M 5NT
Tel: 01-628 1727 Fax: 01-628 1392

IPS

CORPORATE F/X DEALER

Manchester

Our Client is a major European bank justifiably proud of its World Top 20 listing and of its Triple A credit rating.

To assist in the further development of its corporate trading activity, the bank seeks a professional and ambitious customer dealer, probably mid/late 20's, to promote its full range of treasury products; this will embrace foreign exchange and the newer financial instruments, and will be directed at the major companies in the North of England and Scotland.

This represents an outstanding opportunity to develop your career horizons and professional expertise with a major bank of substance and integrity.

Contact Norman Philpot in confidence on 01-248 3812

NPA Management Services Ltd
12 Well Court London EC4M 9DN Tel: 01-248 3812 Fax: 01-489 9325
Management Consultants · Global Search

OPPORTUNITIES IN BUSINESS DEVELOPMENT CONSULTANCY

CONVERTING BUSINESS POTENTIAL INTO REALITY

M4 Corridor — £26,000-£30,000 (neg) + Car + BUPA

This major service and supply company is currently reorganising its Business Development Group to provide more incisive business strategy, planning/analysis and implementation support to directors and senior management.

As a result, there are now challenging consulting opportunities where high-calibre professionals can apply their expertise in adding value to existing services and activities.

Business Consultants

These roles are primarily concerned with the analysis, negotiation and implementation of new business ventures. The work will bring you into regular contact with senior executives both internally and externally, so the ability to identify and evaluate commercial opportunities and the confidence to sell specific proposals persuasively at this level are essential.

Qualified to degree level or equivalent, ideally in economics, business studies or finance, you must be able to demonstrate proven consultancy skills. These will have been gained within a large organisation and include extensive experience in strategic planning, investment appraisal, financial control and third party negotiations. Technical experience such as project appraisal in the oil/gas sector would be advantageous. Ref: JSA/1/FT

Technical Consultants

Your objective will be the identification and development of commercial ventures which will enhance and complement existing activities.
In this high-profile role you will work alongside Business Consultants, contributing significantly to business development activity and liaising with senior level management inside and outside the company.

A graduate or equivalent in an engineering or science subject, you will have a substantial track record within the operational or technical function of a service/supply industry. You must be capable of translating technical strengths or needs into a commercial opportunity and you should be able to present your ideas persuasively at senior level. Previous business skills training is desirable. Ref: JSA/2/FT.

All posts require a flexible and highly motivated approach, with a commitment to meeting deadlines. You should also be prepared to travel both within the UK and abroad.

In addition to salaries, benefits include contributory pension scheme, company car, BUPA and staff restaurant.

If you feel you have the drive and professionalism to achieve in this demanding environment, we would like to hear from you.

To apply please send your c.v., quoting appropriate reference number and listing any companies to whom your application should not be sent, to:

John Smith, Succession Planning Associates
34 Old Queen Street, London SW1H 9HP. Fax 01–233 0456

SPA
SUCCESSION PLANNING ASSOCIATES

EUROPEAN MARKET ANALYST

London
to £40,000 + car

ONE OF THE world's largest and most respected electronics and technology-based international enterprises is about to establish a European head office. The office will be located in London and will provide co-ordination, support and information to the group's existing European businesses – over 30 companies employing 4,000 people in nine countries.

This is the first external appointment within that office. You will be responsible for establishing an information infrastructure at both the macro (economic, political, social issues and changes) and the micro (industry, market and competitive trends) levels.

In addition, you will work with the Head of Corporate Planning & Marketing in defining and implementing the group's business strategy in Europe by the identification of major opportunities based on new products, new technologies and new markets.

You will probably be in your late 20s or early 30s with a good first degree (perhaps Economics) and, ideally, an MBA, and will have European marketing, market analysis or market consultancy experience – ideally in a blue-chip technology-based environment. European language ability would be an advantage.

The appointment is a major opportunity to develop an international business career within a world-class organisation.

To apply, please send a brief cv, in confidence, to Mike Brown, Ref: 3843/MAB/FT, PA Consulting Group, Hyde Park House, 60a Knightsbridge, London SW1X 7LE.

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HUMAN RESOURCES
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Corporate Finance

Analyst — to £28,000+Benefits

A European bank currently seeks to strengthen its recently established corporate finance department with the recruitment of a young banker to work on LBOs, MBOs, M&A and corporate advisory assignments. The team is active in cross-border transactions and has closed both public and private deals for both UK and European clients. The bank can act as adviser and as principal and can provide both senior and mezzanine finance. The bank is normally a sole adviser and frequently lead manages the arranging and underwriting of structured financings.

A vacancy has been created for a young analyst to work on transaction analysis and structuring and to assist in negotiation. You will also be responsible for the writing of information and sales memoranda, acquisition profiles and prospectuses.

You will be a graduate aged 24-29 and may already be working for the special finance team of another bank. You may have benefited from accounting or legal training but an understanding of credit and cash flow analysis is vital. Candidates must be computer literate.

Personal qualities are important: the bank seeks enthusiastic, entrepreneurial and innovative individuals with a positive and committed approach. The bank will reward the successful candidate with an attractive salary and benefits package. It is anticipated that the role could develop into a full marketing and originations role within 18 months.

Interested applicants should contact **Charles Ritchie** on 01-831 2000 or write to him at
Michael Page City,
39-41 Parker Street,
London WC2B 5LH.

MP
Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Sydney

CURRENCY OPTIONS TRADING

Analyst — £Neg. to £45,000+
A major US bank seek a highly numerate graduate (Maths, Comp. Science etc.), with at least several years experience gained in the above mentioned area. This will be an analytical role to support the trading area, calling for very sophisticated computer modelling, plotting curves etc.

AIRCRAFT–PROPERTY–PROJECT–LEASING FINANCE

We have vacancies with international and UK merchant banks seeking graduate bankers aged 25-34 years, with at least three years experience gained in any of the above-mentioned specialist areas. This experience must include marketing/negotiating skills and the necessary technical ability ie credit, documentation, pricing etc.

Manager	UK Project with Aircraft Finance knowledge	to £45,000
Manager	Aircraft Finance. UK and European	to £50,000
Senior Manager	Aircraft Finance. Sophisticated global financing	to £75,000
Property Finance	UK big ticket mega-projects	to £40,000
Property Finance	£1m-£10m range. Short/medium term business	to £30,000
Aircraft Trainee	Good Lease/Marketing skills	to £25,000
Marketing Manager	UK Big Ticket Leasing experience	to £45,000
Marketing Manager	Medium – Big Ticket leasing	to £40,000
Assistant Manager	Merchant banks seeks two leasing graduates	to £30,000
Lease Broker	Two Medium ticket marketing trainees	c £25,000
Sales Aid/Vendor	Marketing Vendor Programmes	to £30,000
Ops. Manager Leasing	Credit, Docs, Repos, Systems support etc.	to £30,000
Credit Manager	Strong leasing underwriting skills	to £30,000
Credit Manager	Five years leasing appaisal new business etc.	to £25,000

Please send detailed cv's or telephone on: **01-588 3991.**
All enquiries will be treated in the stictest confidence.

OLD BROAD STREET BUREAU LTD
STAFF CONSULTANTS
65 London Wall, London EC2M 5TU
Tel: 01-588 3991. Fax: 01-588 9012

INVESTMENT MANAGEMENT

Swiss Bank Corporation Portfolio Management International is an active and rapidly developing fund management group, based in London SW1, which enjoys a high reputation for the quality of its services. Continued growth has created the need for two young professionals to join a small team of Fund Managers.

Assistant Fund Manager

You will be a graduate in your twenties who has already gained a sound introduction to investment activities, probably through investment research. Strong analytical skills are essential, along with an ability to communicate effectively both verbally and in writing.

Economist

You will work closely with the Head of Fixed Income in formulating strategy as well as providing regular analytical support to the Portfolio Managers. A strong theoretical background in economics is required and some previous experience in the financial markets would be an advantage.

These positions offer excellent prospects for career development in a growing company which is part of one of Europe's most prestigious financial institutions. A competitive salary will be enhanced by a benefits package which includes bonus, mortgage subsidy and non contributory pension.

Please write in strict confidence, with full personal, career and salary details, to: Sue Jackson, Human Resources, Swiss Bank Corporation, Swiss Bank House, 1 High Timber Street, London EC4V 3SB.

Swiss Bank Corporation
Portfolio Management International

Head of Corporate Lending & Trade Finance

up to £50,000 + Car + Normal Banking Benefits

Our client is a well established merchant bank involved in a wide range of corporate banking activities with particular expertise in property and trade finance.

The bank has been strengthening its management in conjunction with a major push into new areas, and this position, reporting directly to a director is seen as an integral part of the process. Key responsibilities are as follows:

— The organisation and motivation of a team of corporate banking officers, supervising overall marketing strategy and some client contact.

— The supervision of systems and general disciplines regarding credit, administration and general control.

— Overseeing the smooth running of the trade finance operation and dealing with major clients.

The ideal candidate will come from a corporate lending environment with a broad knowledge of trade finance. A strong credit background is essential. This manager will play a key part in the development and evolution of corporate banking activities in this fast-changing institution. Salary and benefits will be set at highly competitive levels.

Interested candidates should contact Kevin Byrne on 01-248 3653 (or 076 382728 evenings/weekends) or write, sending a detailed CV to the address below (or use our confidential fax line on 01-248 2814). All applications will be treated in the strictest confidence.

76, Watling Street, London EC4M 9BJ

BBM ASSOCIATES

Tel: 01-248 3653

CONSULTANTS IN RECRUITMENT

Structured Finance

We are seeking to recruit an Assistant Director to join the Structured Finance team within Morgan Grenfell's Banking Division.

As part of our successful team you will principally be responsible for structuring and transacting deals in the areas of tax-based and off balance sheet finance. Opportunities will arise for marketing and acquiring new business and for developing new products in response to specific client requirements. An emphasis will be placed on an innovative approach to problem solving.

The successful candidate will be in their late twenties and will have a high degree of numeracy and PC spreadsheet experience. An accounting or legal qualification, credit skills and relevant banking experience (particularly if in the field of structured finance) will be significant advantages.

There is an attractive remuneration and benefits package. Please contact, giving full career details:

Mark Heyes
Morgan Grenfell & Co. Limited
23 Great Winchester Street
London EC2P 2AX
Tel. 01-588 4545

MORGAN GRENFELL

Jonathan Wren International

SENIOR PROJECT FINANCE OFFICER MIDDLE EAST

Our client's Project and Trade Finance Division is concerned with the following activities:

- structuring financial packages based on project evaluation and projected cash flows;
- securing lead mandates and management positions for project loans and negotiating management groups forming syndications; preparation of information memoranda and negotiating
- international loan and guarantee agreements.

Candidates should be in their late 20's or early 30's and should have had practical experience of international syndicated loans and buyer and supplier credit facilities, and be well familiar with supporting documentation requirements. A thorough knowledge of credit and syndicated loan facilities is essential.

Candidates are likely to have obtained the requisite experience in a leading merchant or investment banking environment. Alternatively they may be working in the Finance Department of an international petroleum company.

The successful candidate will work together with highly qualified and experienced colleagues of different nationalities. He will be offered an exciting and rewarding opportunity to acquire an in-depth knowledge of the financing of petroleum related projects.

Our client is a leading international financial institution located in the Eastern Province of Saudi Arabia. The appointment will be for an initial two year contract, renewable. In addition to a substantial tax-free salary, there is a comprehensive ex-patriate benefits package.

Interested applicants should forward a detailed curriculum vitae to Brian Jarvis or telephone as below.

Jonathan Wren
Recruitment Consultants
No. 1 New Street, (off Bishopsgate), London EC2M 4TP
Telephone: 01-623 1266 Fax: 01-626 5258

CORPORATE BUSINESS DEVELOPMENT

SALARY RANGE £22K-£32K + LONDON ALLOWANCE + CAR

Girobank is one of the country's leading financial institutions with over 2 million private customers and a growing corporate portfolio.

In our most important challenge to date, we are now preparing to enter the private sector and so need to add another finance professional to our business development team. This team manages the expansion of our Key Accounts in London, which is vital to our future growth.

In joining the team as Relationship Manager, you will be making an important contribution to our success by developing business within some of Britain's leading blue chip companies. You will liaise with clients at senior levels, offering a full range of clearing bank products and your role includes both servicing existing clients and developing new contacts.

It is important that you are comfortable with complex negotiations at Senior Group levels and you will be expected to put together financial packages that meet each client's individual needs. And although you will be fully trained in our products and methods, you should have a good understanding of sales within the Corporate Financial Services market.

As befits this high profile role, your starting salary will be supported by benefits which include a company car and relocation assistance where appropriate.

Please write with full CV or alternatively telephone for further information and an application form to: **Paul Wildes**, Resourcing Manager—Profit Centres, Girobank plc, Bootle, Merseyside GIR 0AA. Tel: 051-966 2487.

Girobank

Manager of Compliance

(IMRO/LAUTRO)

Berkshire **c£30K + Excellent Benefits**

Our client, a fast growing and innovative Financial retailer, seeks to appoint a high calibre professional as Manager of Compliance. With over 170 branches throughout the UK, the company offers a comprehensive range of personal banking and insurance services.

Reporting to the Company Secretary and with access to the Chief Executive Officer, the successful candidate will be responsible for co-ordinating and managing the compliance function to ensure conformity with the Financial Services Act and the regulations of LAUTRO and IMRO. This is a key appointment within the Company, which has a strong commitment to Compliance.

Ideally, candidates will have 1-2 years' Compliance experience, gained within a similar organisation or regulatory body. Good technical knowledge is essential as well as excellent organisational skills. As important as these will be, personal qualities; candidates must have an independent and robust personality together with a confident, proactive approach.

The importance of the position is reflected in the excellent remuneration package which includes a generous base salary and outstanding benefits, including executive car, subsidised mortgage, non-contributory pension, BUPA, life and disability assurance, corporate sports facilities etc.

For further information please contact Karin Clarke on 01-831 2000 or write to her at
Michael Page City,
39-41 Parker Street,
London WC2B 5LH.

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FINANCIAL MARKETING

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WITH A reputation for innovation and a consistently outstanding record of investment performance our client is now poised to take advantage of a massive new potential market. A proposed close business relationship between themselves as a highly respected Scottish Life Office and a national financial services organisation will give them a secure and extensive distribution channel for the group's life and pensions products.

To capitalise on this they wish to expand the young product development team. Reporting to the AGM (Development) you will be responsible for identifying market opportunities, developing the product which requires financial and actuarial awareness and, most importantly, ensuring the admin and sales operations have the procedures in place to handle the business which the new product achieves.

Ideally you will currently be in marketing or product development in a financial services company with experience of unit linked life products. You will have the maturity and management skills to ensure the marketing, admin and sales departments are willing to help and, whilst formal qualifications would be preferred, experience and success in a similar or related field is more important.

To apply, please send your detailed CV stating current salary to Douglas Kinnaird, CA, quoting Ref: 3875/FT or telephone his secretary for an application form. PA Consulting Group, Number Two Blythswood Square, Glasgow G2 4AD. Tel: 041-221 3954. No details will be divulged to our client without candidates' consent.

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Head of Investment

Isle of Man — Package around $150,000

Our clients are professional managers of insurance companies. They are recognised as innovative and influential leaders of an important sector of the international insurance market.

Among the firm's main responsibilities is the management of the investment of funds currently valued at over U.S. $650 million. Supported by a small investment department, and with access to advice from specialists in the financial markets, the Head of Investment will agree policy with and report on investment performance to Boards of the insurance companies at meetings all over the world.

Candidates must have a substantial and successful background in banking, investment, treasury or general financial management. Age is not a material factor, the need is for an articulate and personable individual with the stamina to cope effectively with daily investment management despite an extensive travel programme and with the presence and know-how to engender confidence among business leaders.

This high profile position requires a candidate worthy of senior status and an initial remuneration package of around $150,000.

Please write in strictest confidence, enclosing a CV to: Stuart Holden, Director, ABGH Advertising and Recruitment Services Limited, 87 Jermyn Street, London SW1Y 6JD.

ABGH Executive Recruitment

HEAD OF ECONOMICS AND FORECASTING BRANCH

c £40,000

Under privatisation the National Grid Division of the CEGB will become a separate company under the ownership of the twelve regional distribution boards. In preparation for this event, we are already making changes designed to streamline our operation, and reflect our new role as the central link between the generating and supply companies.

In the key post of Head of Economics and Forecasting, you will be in charge of a multi-disciplinary team of economists, engineers and statisticians - responsible for undertaking studies in areas such as the economic forecasting of electricity demand and the broader assessment of customer needs. Naturally you will have a major input to our long term commercial development plans. You will also work closely with all other sections of the privatised industry, and have an important role on our management team.

A graduate in a relevant numerate discipline with substantial senior level experience in one or more of the areas mentioned above, you will initially be based in London, but should be prepared to relocate to Warwickshire on completion of our new national headquarters in approximately two years time.

A package will be offered commensurate with your experience and including a full range of executive benefits.

To apply, either write with a current CV or send for an application form to the Personnel Officer (Services), National Grid Division, Sumner Street, London SE1 9JU. Tel. 01-620 8824. Please quote vacancy number 684/89.

The closing date for applications is 1st December 1989.

As an Equal Opportunities Employer, we welcome applications from men and women, including ethnic minorities and the disabled.

National Grid

USA EQUITY ANALYST

Our client is a well known, mid-sized international group with a demonstrable record of dynamic growth. An opportunity has now arisen for a USA Equity Analyst to join their performance-orientated investment management team.

The ideal candidate, aged in their late 20's to early 30's, will be able to show a good record of "bottoms up" stockpicking. He or she should be able to work within a prescribed "top-down" strategy and be able to choose individual stocks with selectivity and conviction.

Our client offers a professional working environment combined with competitive compensation.

REUBEN BARNES COLE

In the first instance please send a full CV and a covering letter to:
Clive Cole, RBC Advertising,
25 Duke Street, London W1M 5DA
(all enquiries will be forwarded to our client.)

THE INVESTMENT BANK OF IRELAND LIMITED

MARKETING MANAGER
Northern Ireland

The Investment Bank of Ireland Limited is part of the Treasury and Investment Banking Division of the Bank of Ireland Group. Its investment management activities involve the management of funds for pension trustees, insurance companies, unit trusts, charities and private clients. Funds under management total approximately Stg£2.75 billion.

As part of the continued expansion of our range of investment services to both private and institutional clients in Northern Ireland, we have an immediate requirement in Belfast for an experienced Marketing Manager.

The successful candidate will be responsible for both devising and implementing a strategy to gain significant amounts of new business from both institutional and high net worth individuals in Northern Ireland.

This is a demanding position which will prove attractive to a highly motivated self starter who must have the ability to understand complex financial investment services.

Applicants should be in the 26 to 30 age group and preferably should hold an honours degree and/or appropriate professional qualifications. They will have gained considerable experience in the marketing of fund management or other financial services.

An attractive remuneration package which will include full banking benefits will be provided.

Please write in complete confidence including career details to date to:-

Mr. F. J. Healy
Head of Personnel
Bank of Ireland
Treasury and Investment Banking Division
26 Fitzwilliam Place
Dublin 2

IBI

CAPITAL MARKETS £BILLIONS BORROWER

EUROBOND ISSUES — **to £45,000 + bonus + car + banking benefits**

With some experience of Eurobond deals behind you, prospects for the future look to be less challenging than your outstanding abilities to:–

- ★ *Climb steep learning curves*
- ★ Make significant innovations happen
- ★ Reach unusually high commercial and professional standards

In addition, to being bright, highly numerate, and naturally good at working with "the grain" in your business relationships, you are an intellectually robust "self-starter", with excellent negotiating skills, who is capable of intense team loyalty.

A corporate treasury or banking professional with good degree and/or professional qualifications has scope to develop the capital markets initial role quickly from Eurobonds and associated documentation, through medium term notes and other tax driven deals including overseas subsidiary funding and the use of financial instruments to minimise the risks of fund raising.

Please send in strict confidence, a comprehensive curriculum vitae including details of current remuneration and a daytime telephone number to:–

HODGSON IMPEY

Peter Willingham (Ref. 085)
Managing Director
HODGSON IMPEY
SEARCH & SELECTION LTD
50 Pall Mall, London SW1Y 5JQ

BANK ANALYST

Standard & Poor's

Standard & Poor's Ratings Group, a part of McGraw-Hill Financial Services Company, is a leading provider of financial analysis to international capital markets. As a result of the growth of our European debt rating activity and the expansion of our London-based analytical staff, we are seeking an analyst to join our team responsible for rating European banks.

The position involves in-depth financial analysis and strategic research on major banks and other financial institutions in the U.K. and on the Continent. Analyst's responsibilities include conducting meetings with senior management of major European banks, along with the presentation of analysis for internal rating purposes and for external publication. The position is London based and involves travel throughout Europe as well as to New York.

Qualifications should include at least two years' experience, as an analyst, following banks, working for a financial institution, or regulatory body. Strong communication skills, both written and oral, are essential. Fluency in a major Continental language would be an advantage.

Standard & Poor's will provide considerable training in both New York and London. Compensation is competitive and will vary with applicant's qualifications and experience.

Please forward your resume, with salary requirements, to:

Personnel Director
Standard & Poor's Rating Group
McGraw-Hill Financial Services Company
19 St. Swithin's Lane
London EC4N 8AD

Rare opportunities in Corporate Finance

Specialising in Small/Medium-sized Companies

Johnson Fry is known as the country's leading BES Sponsor. Over seventy companies are now advised on a continuing basis.

We are now expanding our services to small and medium-sized private and public companies by further recruitment to our Corporate Finance Advisory Division, part of our Corporate Finance team of over fifty employees who work closely with Christopher Castleman, Christopher Whittington and Charles Fry.

Applications should only apply if they are looking for a job which they can enjoy in a rapidly expanding and friendly organisation.

We are specifically looking for:-

Head of Division:
with over seven years experience of corporate finance advisory work. The candidate will be in his mid-thrities, professionally qualified and now working at a merchant bank or a large firm of stockbrokers.

Senior Manager:
with over three years expereince of coprorate finance advisory work, inlcuding yellow book/blue book knowledge and experience.

Executives:
with over one years experience ina corporate finance environment with a professional or degree qualification.

Salary will not be a limiting factor and all normal fringe benefits are provided. The Head of Division can except a seat on the Board. Please write, inconfidence, with a full curriculum vitae, to Christopher Whittington, Chief Executive, Johnson Fry Corporate Finance Limited, 20 Regent Street, London SW1Y 4PZ
(telephone: 01-321 0220).

Johnson Fry Corporate Finance Ltd

FIMBRA

Analysts

As a leading Securities House, our client now forms an integral element within one of Europe's leading banking groups. Fleet Partnership has been retained to assist in the selection of outstanding, ideally Extel rated analysts in the following sectors:

- Electricals
- Engineering
- Food Manufacturing
- Leisure
- Oils

In order to qualify candidates will therefore have already built a sound analysis or research reputation in the City.

Contact, in total confidence, **Elizabeth Sullivan.**

the *fleet* partnership

Financial Recruitment Consultants, 37/41 Bedford Row, London WC1R 4JH. 01-831 1101 (24 hours)

COMMERZBANK

Commerzbank is seeking to enhance its existing Spot Foreign Exchange team by recruiting a Senior Dealer. The candidate, likely to be around 30 years of age, will be expected to participate both in intra day trading and in the formulation of strategic views in major currencies. The position will involve working closely within the existing group and requires a flexible approach consistent with the Bank's philosophy of emphasising profitability rather than turnover. A working knowledge of options and forward dealing would be a distinct advantage.

The Bank is offering a competitive remuneration package incorporating a performance related bonus and appropriate fringe benefits.

Please write with career details to Vanessa Lewiston, Personnel Manager, Commerzbank AG, 10-11 Austin Friars, London EC2N 2HE.

£1,000,000+ TALENTED EXECUTIVES

NATIONWIDE

The Business Services Division of our Company, backed by an International Financial Institute are able to offer a unique package to those individuals, or groups, who wish to start their own Recruitment Consultancy or Executive Search Companies.

This will be of particular interest to Experienced Recruitment Consultants, Recruitment Managers, Executive Search Consultants and Entrepreneurs.

A few of the areas we cover are:

1) Set Up of Ltd Companies
2) Assisting with The Raising of Finance
3) Locating Prime Office Accommodation
4) *Obtaining Employment Agency Licences*
5) Cash Flow Forecasts, Projections, Targets and Budgets.

THIS IS NOT A FRANCHISE OFFER

ALL ENQUIRIES WILL BE TREATED IN STRICT CONFIDENCE.

Please contact: David Paton, General Manager, Business Services Division, *Hynes Associates Ltd, 77-79 Wells Street, London W1P 3RE Tel: 01-580 5522*

DIRECTOR CREDIT CONTROL

GPA Group plc, based in Shannon, Ireland is the world's largest lessor of modern commercial aircraft.
It manages a portfolio of 207 aircraft on lease in 31 countries generating annual revenues of over $2 billion. The aircraft portfolio will more than double in size *over the next* four years with a related increase in cash flow. To manage and control this growth it is intended to appoint a senior executive to the position of Director, Credit Control.

The successful candidate will head up a *small team which will* be directly responsible for the monitoring and control of the Group's receivables on a day to day basis. This is an important appointment which will require a high degree of technical expertise together with strong personal characteristics.

The primary requirements are:

- Experience in managing a credit control function with an *international* dimension.
- The ability to work without detailed direction and with judgement and *discretion.*
- A strong personality and presence.
- A willingness and ability to undertake extensive international travel, which will be a *significant* feature of the job.

An attractive remuneration package will be structured which will include a company car, pension *scheme and* a bonus based on personal and corporate performance. The position will be located at the Group's corporate headquarters in Shannon, Ireland.

Please reply in the first instance with full career details to Mr. Brian Ward, Peat Marwick, 1, Stokes Place, St. Stephen's Green, Dublin 2.

GUINNESS PEAT AVIATION
GPA Group plc · Shannon · Ireland

BOSTON SAFE DEPOSIT AND TRUST COMPANY (U.K.) LIMITED

INTERNATIONAL PRIVATE BANKERS

Salary Circa £45,000

Boston Safe Deposit & Trust Company is one of the top Banks in the U.S. with balance sheet assets in excess of $13 billion worldwide.

We are currently expanding our international private banking department which caters to discriminating high networth clients. We seek highly motivated sophisticated individuals to market the departments international products and services.

The ideal candidate possesses five years marketing experience in the high networth private client market and is fully versed in the foreign exchange and fixed income markets. Fluency in one or more foreign language would be viewed favourably: extensive travelling will be required.

The position comes with first class banking benefits including a result orientated incentive compensation package, non-contributory pension scheme, reduced rate mortgage, private health cover and company car.

Please write enclosing your CV to our advisor, Stewart Wright, Austin Knight Selection, Knightway House, 20 Soho Square, London W1A 1DS, or telephone 01-439 5780 for further information (01-494 1093 evenings/weekends). Please quote reference 2002/SW/89.

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THE BOSTON COMPANY
Boston Safe Deposit and Trust Company

SWAPS Marketing

Investment Banking, Europe

We have developed a highly successful Swaps Group in London during the last two years and plan to increase our presence in the Swaps Market in Europe. As a consequence, we now seek high calibre professionals to join the existing team.

You will need 1-3 years experience of marketing interest rate Swaps, cross currency Swaps and related products. Additionally, you will be of graduate calibre and have well-developed technical expertise appropriate to Swaps activities.

Fluency in another European language would be an advantage.

The rewards are high for people who can succeed in these challenging roles.

In the first instance, please send full personal and career details in confidence, to Karen Petersen, Personnel, The Bank of Nova Scotia, 33 Finsbury Square, London EC2A 1BB. Tel: 01-638 5644.

Scotiabank

FINANCE AND BUSINESS MANAGER
FOR LONDON'S LARGEST POLYTECHNIC

Up to £40k plus BUPA and generous performance bonus.

The Organisation
South Bank Polytechnic whose business is Higher Education, is a company with an annual turnover approaching £35m, assets of over £200m, 1500 staff, 10,000 students and externally funded research and consultancy contracts of around £10m.

The Job
Heading a team of senior staff and reporting to the Director, you will be responsible for the business management of the Polytechnic's finances; ensuring the smooth running of the Polytechnic's buildings and services; maximising the property potential of the buildings for conferences and summer schools; expanding our already successful trading company activities, and marketing the skill and expertise of the academic staff to industry and commerce.

The Person
We are looking for a Manager with a sound track record in Commerce, Industry or the Public Sector who has successful business and financial experience.

Remuneration Package
The successful applicant can expect a salary of up to £40k plus BUPA and a generous performance bonus scheme.

If you find the challenge of this demanding management position attractive then ring us on 01-928 3512 (answering service 5pm to 9pm) or write to the Human Resources Department, South Bank Polytechnic, Borough Road, London, SE1 0AA for further details and an application form.

The closing date for applications is 11 December, interviews will be held in the week commencing 18 December 1989.

Please quote Ref: FM1.

An Equal Opportunities Employer.

SOUTH BANK POLYTECHNIC

SANWA INTERNATIONAL LIMITED

Sanwa International Limited is the London based merchant banking arm of The Sanwa Bank, Limited, the world's fifth largest bank in terms of total assets. Continued rapid expansion of the capital markets operation has led to the creation of the following new positions.

U.K. & EUROPEAN MARKETING:

Vacancies exist for credit trained relationship managers with at least 2-3 years experience of marketing debt products. Established contacts with a wide range of top corporate and bank names is essential. £ - Highly negotiable, depending upon experience.

SWAPS TRADING:

Swaps traders with 2-3 years experience and profitable track record, are required to join an expanding team. An outstanding, performance related, benefits package will be offered.

FINANCIAL ENGINEERING:

Two vacancies exist for highly numerate individuals with experience of structuring bond issues. £ - Highly competitive salary, full banking benefits and performance related bonus.

CREDIT ANALYSIS:

An individual with a formal credit training and 2-3 years practical experience analysing major European corporates. £ - Highly competitive package.

EUROBOND DOCUMENTATION:

Experienced in all aspects of Eurobond documentation, this position requires a flexible and co-operative individual, able to work closely with other team members. £- Highly competitive package.

To apply for any of the above positions please send your detailed CV to:-

Clive Ashworth
Personnel Manager
Sanwa International Limited
P.O. Box 245, 1 Undershaft
London EC3A 8BR

Foreign Exchange Dealer
Move from Corporate Treasury to Financial Services - Talk to us today

c £25,000 package
London

This major force in international equities is one of the fastest growing and most successful financial institutions in the City.

This new position offers a young corporate treasury dealer an ideal opportunity to advance their career dealing in foreign exchange and taking responsibility for managing positions.

As part of the group treasury, you will provide a service function to both clients and traders, whilst contributing significantly to the group's profits.

The future could see you moving into securities trading or within the treasury function depending upon your particular abilities and interests. The present will reward you with a generous base salary and a substantial bonus scheme, based on performance.

You should have at least 2 years' experience in FX dealing, preferably in a major corporate and the personality to enjoy working in a professional and dynamic environment.

To find out more, telephone Fiona Crisp today on 481 8275 between 9.00am and 6.30pm or on 701 5014 between 7.30pm and 9.30 pm.

Alternatively, send your CV quoting reference A/0018 to Alannah Hunt
Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL

Price Waterhouse

DEPUTY GENERAL MANAGER
International Bank

CITY **c. £70,000 + Banking Benefits**

Our client is one of the largest Spanish banks, with an enviable reputation in their domestic market. They have maintained a representative presence in London for twenty years, but plans are now well advanced to open a London branch in 1990. The branch will form a key part of the bank's international strategic objectives, and will act as their U.K. arm.

In order to strengthen the initially small, but extremely experienced team which they are assembling, they require an experienced banker to join them as Deputy General Manager. Reporting to the General Manager, the position will play a key role in developing the bank's London presence, and will encompass all management aspects from organisation and control to marketing.

You must have extensive experience in London banking, probably gained in the London branch of an overseas bank, or with a major clearing bank in the City.

You will have a clear understanding of the control environment in a London banking business. You will also need to bring strong organisational and business management skills, as well as a successful track record which demonstrates an ability to undertake large scale credit business, and develop and manage relationships with both national and international corporate customers.

If you feel that you can meet this challenge, please send a comprehensive c.v. quoting salary history and daytime telephone number quoting reference 3084 to Bruce McKay, Executive Selection Division.

Touche Ross
3/4 Holborn Circus, London EC1N 2HB.
Telephone: 01-353 7361.

IMRO
Senior Compliance Officers

IMRO is one of five SROs recognised by the Securities and Investments Board with responsibility for the regulation of investment management in the UK.

Included within the IMRO Compliance Department's activities are:–

* Regular inspections of IMRO members to ensure that investors are adequately protected
* Carrying out special investigations where there is investor risk concern
* Regular contacts with Members
* Projects related to the development of Conduct of Business Rules.

There is currently a requirement for a number of high calibre professionals to join the existing team.

Candidates will be:–

* Graduates, probably with an accountancy qualification
* With first-class interpersonal skills
* With knowledge of financial services
* Keen to enhance their career in a high profile role, working in a fast moving professional environment.

Prospects with IMRO are excellent as is the remuneration package which includes an excellent base salary and mortgage subsidy.

Interested candidates should contact Karin Clarke on 01-831 2000 or write to her at Michael Page City, 39-41 Parker Street, London WC2B 5LH.

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Sydney

Assistant Director
Fixed Income Sales
c£80,000 + Benefits

Our client, the securities subsidiary of a well known global institution, is looking to strengthen its highly rated fixed income sales team with the appointment of an Assistant Director as well as two experienced salesmen.

This is a challenging role for an ambitious candidate who thrives on responsibility and achievement. Successful candidates, in their mid-twenties to early thirties, will have had good work experience with a major name and have an existing UK institutional client base.

Our client has been a market maker in US Treasuries, Eurodollars and Yen denominated instruments for over five years and is currently moving into the European Markets.

Applicants should contact Kate Griffiths on 01-831 2000 or write to her at
Michael Page City, 39-41 Parker Street, London WC2B 5LH.

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Sydney

MARKETING MANAGER
City ***to £40,000 + benefits***

The merchant banking arm of a leading UK financial institution is seeking a corporate marketeer to be responsible for a portfolio of medium to large European corporates. As an experienced transactor you will be marketing traditional lending products and corporate finance products such as MBO's and leverage financing. *Ref: 128563/sma*

CORPORATE MANAGER
City ***to £30,000 + benefits***

An expanding European bank is seeking a graduate with strong credit and marketing skills to be responsible for marketing a broad range of banking and treasury products to UK corporates. You will be expected to increase the client portfolio and work on your own initiative in this high profile role which will afford you the opportunity to rapidly progress your career. *Ref: 131395/ts*

SNR CREDIT ANALYST
City ***c£30,000 + benefits***

UK Merchant Bank seeks business minded young graduate for senior role within leveraged finance group. You will ideally possess 3 years relevant experience including knowledge of structured finance transactions and excellent PC skills. Prospects depend on progress but you should expect a move into business development within 12 months. *Ref: 129923/sbt*

ACCOUNT OFFICER
City ***c£25,000 + benefits***

A medium sized European bank is seeking a young banker with good credit training from either a clearing or international banking background. You will be involved in marketing to medium sized international companies, preparing credit analyses and running a small team. An excellent career opportunity. *Ref: 131361/ts*

For further information on these or many other similar opportunities please contact

MANAGEMENT PERSONNEL
25 City Road, London EC1Y 1AA
Tel: 01 256 5041 (24 hours)
Fax: 01 374 8848

Management Personnel
RECRUITMENT SOLUTIONS
LONDON · GUILDFORD · ST. ALBANS · WINDSOR
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Mergers & Acquisitions
Directors A.D.'s Managers
£50-200,000

You are successful, ambitious and talented and have already gained considerable expertise in M&A. You will have extensive experience of a wide range of transactions, both domestic and cross-border. You will undoubtedly be approached by 'headhunters'. Why, though, should you only consider one opportunity in isolation?

As experts in M&A recruitment, Michael Page City can offer you confidential, unbiased career advice and show you a wealth of opportunities at all levels across the entire spectrum of City institutions. With a sell mandate you would advise your client to consider more than one offer, surely the same should apply to your own career?

If you are considering a career move in the New Year do not wait for that one elusive call, make it yourself and ask for Paul Wilson on 01-831 2000.

Alternatively, you can write to him at
Michael Page City, 39-41 Parker Street, London WC2B 5LH.

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Sydney

Treasury Controls Supervisor

Kensington — *c£20k*

Citicorp is one of the largest financial organisations in the world. Our Individual Banking Group currently requires a Controls Supervisor for its Kensington based treasury operation.

The transactions, low in number but heavy in weight, include money market and foreign exchange deals, plus Options, Swaps, FRAs, Forward Forwards and IRCAs. Within each transaction there are strict internal regulations which have to be adhered to.

Since this important role carries high monetary responsibilities, it's vital that you have at least 3-5 years' experience in treasury operations or internal audit. Your responsibilities will include monitoring credit limits, positions, exchange profits and confirmation procedures and, whilst a knowledge of these areas is desirable, full training will be given in areas of weakness.

You'll need to work well as a member of a small team in a "hands on" environment. There will be times when your knowledge, personality and willingness to put your abilities under the spotlight will be all-important. However, your career prospects, as befits one of the world's largest and most diverse financial organisations, will be second to none.

For these talents, you'll receive a salary of c£20K. You'll also enjoy preferential rates and a wide range of important company benefits.

To apply, write with full career and salary details to Mary Firth, Personnel Department, 7th Floor, Citibank, 364-366 Kensington High Street, London W14 8NS.

Citibank

A Citicorp Company

Appointments Advertising

For further information

call 01-873 3000

Deirdre McCarthy ext 4177

Nicholas Baker ext 3351

Elizabeth Arthur ext 3694

Traded Equity Options

Sales

£ Excellent + City Benefits

UBS Phillips & Drew is one of the City's leading financial institutions and is respected as being a major player in traded equity options. As a result of our expansion programme we have a vacancy for a key individual to work in a small, successful sales team.

Ideally, you will be a graduate, in your early to mid twenties, numerate and with 1-2 years experience in traded equity options sales.

An excellent salary package will be offered including mortgage subsidy, company car and a range of benefits normally associated with a large international bank.

Please write, enclosing an up-to-date C.V. including salary progression to: Sally Mew, Personnel Manager, UBS Phillips & Drew, 100 Liverpool Street, London, EC2M 2RH.

UBS Phillips & Drew

Research as a marketing tool

We see research as an essential part of the marketing function. We are looking for a research analyst who is able to identify marketing opportunities to attract new business and who, together with account executives, will be involved in face-to-face client presentations. Naturally you need the skills of numeracy and literacy in order to collate and interpret information on market conditions.

Your background will be as a graduate with one years' formal research experience (ideally in a financial, commodities, metals or mining finance environment). This post represents an ideal opportunity to develop your career within the futures industry.

Rudolf Wolff's core business is that of a Ring Dealing Member of the London Metal Exchange, of which we were a founder member in 1877. As a dealer we make markets in LME traded metals which provides the base from which to offer a professional broking service to our clients in the mining and metals industries all over the world.

We offer a competitive salary and an excellent executive benefits package.

For further information, please telephone Michael Moran, Human Resources Manager on 01-626 8765 or write to him at Rudolf Wolff & Co Ltd, 2nd Floor, D Section, Plantation House, 31-35 Fenchurch Street, London EC3M 3DX.

Rudolf Wolff

COMPLIANCE MANAGERS

c.£22,000

The Financial Services Act has resulted in significant changes within the sector and important new compliance responsibilities for Building Societies.

The Leeds has reacted positively to this challenge, and is now seeking three Compliance Managers to strengthen the existing team.

The first position will have specific responsibility for the Society and our estate agency subsidiary, Property Leeds. The second will act for our independent subsidiary company, Leeds Permanent Financial Planning Ltd. The third post will deal with compliance in the Treasury/Pensions area.

Reporting to the Secretary and Compliance Officer you will be responsible for further developing the function, ensuring the requirements of the Act are met and keeping up to date with the changes. As part of a team, you will be required to manage the day to day compliance activities, carrying out compliance audits in conjunction with our internal auditors, assessing advice given to customers, reviewing procedures and staff training and providing reports to management.

For posts 1 and 2 you should be an experienced professional within the insurance industry with a relevant qualification (ACII or equivalent). For post 3 a financial services background is essential together with a sound knowledge of SIB rules. Excellent communication skills, initiative and self-motivation are important pre-requisites for all posts.

The rewards, as you would expect, are first class and include a competitive salary, car, concessionary mortgage, pension and life assurance schemes. We believe in investing in our staff in order to meet the challenges ahead so your personal development and career enhancement is likely to be significant.

Interested applicants should apply in writing specifying which position they are interested in, enclosing full CV to:

Mary Kearney,
Personnel Officer,
Leeds Permanent Building Society,
Permanent House,
The Headrow,
Leeds LS1 1NS

the Leeds

LEEDS PERMANENT BUILDING SOCIETY
AN EQUAL OPPORTUNITY EMPLOYER

SALES AND TRADERS

CAPITAL MKTS SALES/TRADER

£Excellent + Car ++

A unique post has arisen in a small European Bank for an exp'd Salesman/Trader on Cap Mkts. You will have the ability to market Niche Concepts & ideas to global institutional clients + taking a position in the market on behalf of the Banks A/C. You must be able to structure yourself, develop a client base & seize profit & risk opportunities, virtual 'Cart Blanche' post. Product knowledge multi currency bonds, FRA's, VRN's, CP's synthetic products, Futures & Options, SWAPS etc. Fluent French or Spanish an advantage.

JNR SWAPTIONS TRADER

£22,500 + Car

Major US House seek a Junior Swaptions Trader who will eventually trade their own position. You will have 6 months experience, Part Qualified or a 2:1 Grad in Maths, Economics, Statistics etc. Please call us for further information.

CORPORATE TREASURY SALES

£Neg + Bank Bens

Prestigious UK House actively seek a Salesman with a minimum of 1 year exp in UK Sales of SWAPS, ECP's + CP's, Sterling and Treasury. This House has a good market presence and can offer a good career opportunities.

RISK ANALYST

£Neg + Bank Bens

TWO Major Securities House's seek a Risk Analyst, (one Company requires someone with fluent French), preferably with good experience of Risk Management on new products. They both however, will consider a Graduate with a First Class or 2:1 in Maths, Economics etc, with experience of Capital Markets.

NICHOLSON HOLMES ASSOCIATES
88 Cannon Street London EC4N 6HT
Telephone 01-929 1311 (Fax 01-621 1326)

Jonathan Wren Leasing

OPERATING LEASE EXECUTIVES

Basic Salary £20-25,000 plus bonus up to 100%

The rapidly expanding UK subsidiary of a major US institution is currently seeking a first class individual, aged 23-35, to join their highly successful team of sales executives.

The following criteria are considered essential:-

1. At least 3 years sales experience gained within a bank backed or major independent leasing company.
2. Comprehensive exposure to a wide range of leasing products including a working knowledge of operating leases.
3. The dedication and enthusiasm to achieve within an organisation where reward is commensurate with performance.

For further information please call Sarah Stone or Keith Snow on 01-623 1266

LONDON HONG KONG MIDDLE EAST SINGAPORE SYDNEY

Jonathan Wren
Recruitment Consultants
No. 1 New Street, (off Bishopsgate), London EC2M 4TP
Telephone: 01-623 1266 Fax: 01-626 5258

FUTURES BROKERS / TRADERS

FINANCIAL FUTURES & OPTIONS / FOREIGN EXCHANGE / BULLION / WHOLESALE & RETAIL COMMODITY BROKERAGE

Gerald Limited, the London arm of the long established Gerald Group, which maintains principal offices in London, New York, Chicago and Tokyo and full clearing memberships on all major commodity exchanges in these centres, are expanding their financial services base here in London.

Gerald Limited in London has a staff of approximately 100 and a total worldwide staff of 300, with individually structured worldwide units in base metals, financial futures, foreign exchange, bullion, energy futures, retail and wholesale brokerage. Each member of these units act in tandem on a worldwide basis. In the course of the expansion of these specialised business units we have opportunities available for experienced brokers and traders in each of the above mentioned categories.

Applicants should demonstrate a willingness to work within a specialist team and show a sound knowledge of their respective areas of business, be assertive, creative, highly organised, and possess a willingness to join an already aggressive and highly motivated team of professional traders and brokers. They should also be able to demonstrate an ability to generate sound and profitable business.

Remuneration will be salary and incentive based, a generous benefit package available to the successful applicants.

Interested parties should address written applications to:

DAVID J. HANDS
GERALD LIMITED
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ACCOUNTANCY COLUMN

Critical analysis of a company's upbeat figures

By David Waller, Accountancy Correspondent

IF SIR Ron Dearing is having difficulties in securing an agreement between the Stock Exchange, the Confederation of British Industry, the accountancy profession and the Government on how to pay for the new accounting standards regime which unofficially bears his name, there is a solution.

He need do no more than send all parties the circular that went out to the unfortunate shareholders of Cray Electronics this week.

The document is the result of a review into the company's accounting policies initiated in August after the company – once a much-fancied, high-flying, hi-tech "wonderstock" – delivered a set of disappointing figures for 1988-89.

On the face of it, those figures were not unimpressive – pre-tax profits rose from £13.1m to £17m. However, the stock market responded by marking the shares down 18p to 140p on the day the numbers were released.

The share price reaction suggests that the market realised there and then that the reported pre-tax profit was somewhat unrepresentative of economic reality.

By digging into the notes accompanying the preliminary results, it was clear to analysts that – after stripping out property profits of £2.99m and profits of £1.9m arising from businesses bought during the year – Cray's trading performance was flat at best. Change the way in which the company had accounted for £3.7m of development expenditure – it had been capitalised – and it could be argued that there had been a drop in trading profits over the period.

Price Waterhouse was then retained by the board to assess whether Cray's accounting policies were "suitable" – i.e. whether they "had a material effect on the results for the year ended April 29 1989" if brought in line with best accounting practice within the electronics sector.

The results of the review appeared on Tuesday this week. Yes, PW found, there was a material effect on Cray's figures for 1988-89. Therefore, restated to reflect the changes recommended by Price Waterhouse, Cray's pre-tax profit for the year ended up being £5.4m instead of the £17.03m that was actually reported. Earnings per share, which had worked out at 12.13p, dwindled to a mere 3.3p.

After sending £3.68m below the line to be classified as an extraordinary loss, Cray was left with a retained deficit of £1.58m, compared with a retained profit of £5.04m as previously announced. The effect of the reclassification dampened the prior year's figures as well: what was once a pre-tax profit of £13.12m ended up being one of only £10.82m.

Although PW spells out that changes in accounting policy do not in themselves affect the underlying business, one result of the review was that the company shelved its plans to pay a final dividend of 3.25p a share, as proposed back in July.

Some of PW's detailed recommendations are as follows:

● The capitalisation of development expenditure should stop forthwith, unless the outlay can be recovered on contracts with third parties. The net effect of that change on the 1988-89 pre-tax profit: a write-off of £4.20m. As the circular observed: "Whilst the capitalisation of development expenditure is permitted under the relevant Statement of Standard Accounting Practice, the new policy accords with general practice in the sector".

● The "sale and leaseback" property transactions carried out in 1988-89 should be reclassified as finance rather than operating leases. The result: a £2.47m write-off against the pre-tax profit figure.

● "A generally more prudent approach should be adopted towards the point at which income and costs are recognised, particularly in the area of long-term contracts. Price Waterhouse considered that, in a number of cases, profit recognised in 1988-89 should more prudently have been deferred to subsequent periods and that, in other cases, costs should have been written off rather than carried forward. In their view, whilst the group's stated accounting policies are satisfactory, their application should, in certain cases, have been more prudent."

The net result of those changes: another £2.23m docked off pre-tax profits. Yet another £2.69m is deducted as a result of a review of post balance sheet events, reflecting increased provisions on the company's main long-term contracts. Extraordinary items are bolstered by a charge of £2.32m in anticipation of the costs of closing two businesses, and by a further £550,000 to cover professional fees due as a consequence of the accounting policy review.

It is not surprising that merger accounting gets a mention too. "The use of merger accounting should be restricted to acquisitions in which the commercial substance of the transaction justifies this approach," PW recommended, but prior years' figures were not restated to reflect a move to acquisition accounting.

Academic accountants often argue that accounting policies – particularly when there is a degree of disclosure – do not actually matter, insofar as investors are capable of going beyond the reported figures. To an extent, that is true in the case of Cray. The most controversial policy of all was that of capitalising research and development expenditure – and that policy had been consistently disclosed in the company's annual reports.

But it is nonsense to argue that markets are perfect and that the share price somehow "impounded" the correct valuation of the company the moment the figures were released last July.

Over the four months since then, the shares fell to 53p – the level at which they were suspended on Monday – less than a third of the price in July.

The decline over that period reflected investors' increasing suspicions about the quality of the company's figures past and present, that is, their reliability as a basis on which to draw conclusions about the company's ability to generate cash and pay plump dividends over the long term. A more accurate picture only emerged with the circular this week.

It is noticeable that at no point does PW say that the company failed to comply with the appropriate Statement of Standard Accounting Practice. Point by point, the company and Ernst & Young, its auditors, could probably have justified every accounting treatment. Taking the big picture, however, it is clear that the figures released in July were misleading.

Cray seems typical of a certain type of UK company which was able to grow very fast during the bull market, earnings driven onwards and upwards by acquisition after acquisition, the whole process helped along by dollops of imprudent accounting. And now for Cray – as for many other former "go-go" stocks – difficult industry and market conditions mean that the music has stopped.

The report into Cray is a testament to what a UK company can achieve without actually breaching the accounting rules that prevail in this country. That is an indictment of both the UK's accounting regime and of the UK capital markets. It is an invitation to Brussels to slap down a set of *dirigiste* accounting standards, thus abolishing all that is commendable in the judgmental Anglo-Saxon approach.

The Dearing regime – envisaging the setting up of a Financial Reporting Council and a review panel – will give authority to accounting standards. It will also have the influence to come down hard against those companies which fail to conform to those standards.

It should be encouraged and those negotiating the financing for the new regime should realise where their longer-term interests lie and – with the Cray story at the forefront of their minds – make Dearing happen soon.

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Contact the Manager: 19 Broadwalk Crawley 0293 547762 Fax: 0293 548182

ESSEX **c£28,000**

Publicly quoted group of companies, with a £billion turnover, offers an outstanding opportunity to lead the finance function of an electronic manufacturing concern. The role includes the development of computerised accounting systems, financial planning, the reporting of performance to the holding company and direct involvement in all aspects of the business. A profit share scheme, pension and quality company car are included in the benefits package.
Ref: 57254

Contact the Manager: 148 High Street Southend 0702 615371 Fax: 0702 619003

Post Qualification Experience – send your CV or phone the appropriate Manager or our Specialist PQE Career Advisers on 01-584 6677 (24 hour answering service) for an application form now.
Reed actively promotes Equal Opportunities.

REED... accountancy

Financial Director Designate

FMCG Manufacturing *East Midlands – c.£40,000 + bonus, car etc.*

Using traditional skills and craftsmanship my clients design, make and market top quality FMCG products for the United Kingdom and World markets. Using modern management tools and techniques they are taking this traditional business into the battleground of the 1990's in a harsh market attacked each year by growing world imports where cash flow management is the critical factor.

The current FD has been promoted to run the manufacturing division so they need a tough young accountant to change the 'credit and debit' practices of old into money management for the future using computerised systems, standardised costing methods and making cash control a priority.

The ideal candidates are graduate accountants aged under 35 capable of managing change in a multi-site batch production business. They should have exposure to costing, computerised systems and the management of accounting teams. An additional language would be useful, as would flotation experience as the Group plan to go public in three years.

Applicants should send CVs to Nigel Lilley at RL Consultants Limited, 14 Broomsleigh Street, London NW6 1QH by post or by fax (01-431 3683) in complete confidence.

DIRECTOR OF FINANCE

FMCG

South East **c£43,000 + Excellent Benefits Package**

Our client, a blue chip US multinational with a world wide turnover of \$1.5 billion, is committed to further strengthening its dominant market position through new product ranges and product development. There is now an immediate requirement for a key individual to join the Board of the UK Marketing Company.

Reporting to the Managing Director, your principle responsibilities will comprise the co-ordination and management of the finance and administration function. This will include Financial and Analysis reporting, MIS and Operations development, together with policy implementation and control. A chartered accountant or ACMA, aged between 30-40 with five years' commercial experience, preferably gained within a US company or an international FMCG group, you should possess proven man-management and communication skills in order to lead a highly committed team with overall responsibility for seventy staff.

In addition to the advertised salary, the benefits package includes a substantial bonus, fully expensed car and share option scheme.

Interested applicants should telephone Giles Daubeney on 01-437 0464 or write to him, enclosing a detailed CV, at the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 01-437 0464

Financial Controller

Excellent Opportunity USA

Our client, an Irish group with diversified operations in the United States, requires a young finance professional to join its American management team. The Financial Controller will have the specific brief of developing and directing the financial operations of two young subsidiary companies.

The person appointed will be expected to quickly learn the business and become directly involved in accounting activities. This work will include responsibility for office computer systems and the implementation of a PC based accounting package. In addition, he or she will be asked to assist with group consolidations as well as special projects relating to acquisitions and methods of finance. It is expected that the Financial Controller will progress to the position of Chief Financial Officer within two to three years.

The person we are seeking must be hardworking and adaptable, capable of joining a young, dynamic team in a forward thinking and tough environment.

Probably aged 25-30, the person selected is likely to be a Chartered Accountant who has trained with an international practice. While some corporate finance or industry exposure would be an advantage, we primarily require an ambitious accountant with a good commercial perspective who possesses leadership ability.

The position, based on the East Coast, will afford ample social and recreational facilities. The remuneration package takes full account of both local living requirements and the importance of the position.

Candidates should send a detailed CV in confidence, quoting MCS 532, to Tom Yeaton,

Price Waterhouse
Executive Selection Consultants,
Gardner House,
Wilton Place,
Dublin 2, Rep. of Ireland.

Price Waterhouse

GROUP ACCOUNTANT

Up to £25,000+Car+Benefits Midlands Based

This is an outstanding opportunity to join the Head-Office team of a substantial public Group with a successful growth record and a wide range of business interests worldwide. The Group is committed to continued expansion, both through acquisition and organic growth.

To assume a key role in this ongoing strategic development, a recently qualified Accountant is to be appointed, to report to the Group Financial Controller. Prime responsibilities will include:

- using the most modern information technology, the development, control and maintenance of the Group's Management Information System;
- to undertake specific project work as instructed relating to capital spend and business review. This may, from time to time, involve work on potential acquisitions;
- the preparation of budgets and statutory accounts using micro computer systems.

Prospects for further advancement into a more senior management role are excellent and the position will therefore suit an exceptionally able young Accountant, with sufficiently well-developed communication skills and personal maturity, to allow for liaison at all levels of management. A progressive salary and benefits package will be offered.

Please apply in writing with full career and salary history details, quoting reference B/238/89 to Louisa Chapman.

KPMG Peat Marwick McLintock

Executive Selection
Peat House, 2 Cornwall Street, Birmingham B3 2DL.

MANAGER-INTERNAL AUDIT

Focus on Quality & Profitability

City

c.£30,000 + Car

A young and dynamic specialist division of an international financial services organisation, my client is in the forefront of a group-wide initiative towards 'total quality management'.

Working closely with divisional managing directors and group audit, this is a greenfield opportunity to establish a business audit function which will focus on quality and profitability in addition to the traditional audit controls.

To meet the demands of this challenging role, you are likely to be a Chartered Accountant with a record of achievement either with a professional firm or from within the financial services sector. In addition to a high degree of self motivation, your interpersonal skills will be of the highest order, enabling you to develop effective working relationships with all levels of divisional personnel.

Opportunities for personal and professional advancement both within the division and the group company, are excellent.

To apply, please write enclosing a full CV and salary history to:
Jeremy Lancaster,

PROBE EXECUTIVE SELECTION
15 Artillery Passage, Bishopsgate, London E1 7DL.
Or telephone on 01-377 5759 for an informal discussion.

a division of PROBE MANAGEMENT plc

European Finance And Tax Manager

Blue-Chip International Group

Central London

c £26,000, Car

This highly successful Group is a major international force in packaging and printing. A newly created role offers an excellent career opportunity within a UK Head Office environment. Reporting to the European Finance Director you will be responsible for tax compliance and assistance with tax planning of the UK and European Group companies. Additionally, you will be involved with the financial management and reporting of the Group's results in relation to the Head Office location as well as carrying out a variety of ad hoc projects. Candidates aged 24-28 will be graduate Chartered Accountants with PQE. A sound understanding of UK/European taxation is essential. You should also have the ability and desire to seek more general financial management opportunities that will be available within the Group at operating company level outside London.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, *D. Pottier*, **Hoggett Bowers plc**, *11-12 Queen Square*, **BRISTOL**, *BS1 4NT*, **0272-298433, Fax: 0272 279714,** *quoting Ref: D16022/FT.*

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, ST ALBANS, SHEFFIELD, WINDSOR and EUROPE.
A Member of Blue Arrow plc

An Opportunity to Influence European Management

INTERNATIONAL GROWTH INDUSTRY

Young ACA **£28-35,000pa + car**

French-owned and a world market leader, our client is a major force in Europe. Producing top-quality products for impressive, blue-chip customers and boasting management and technical expertise second to none, the company is committed to long-term growth.

They are currently recruiting a Manager for a key department with a track record of exciting promotions (the present Manager is soon leaving to take up his new position as Controller in Spain and his predecessor is now in Turkey). If this is the kind of career path you are seeking, read on . . .

The company can offer a demanding, 'hands-on' role with plenty of travel and close contact with Senior Management in the different locations.

You will head-up and represent a small, high-profile team which:

- supports and advises local management in the UK and Europe with a view to improving the efficiency and effectiveness of each location.
- ensures that financial and non-financial information is accurate and timely and that internal controls are implemented.

You will develop expertise while appraising business operations to enable you, also, to progress into a senior line role.

You will be confident, mature and credible and will demonstrate an ability to lead and to take responsibility. You will require minimum supervision as you report direct to the US.

You will be based at the European headquarters in Bedfordshire and will be offered a generous relocation package, if appropriate, in addition to a very competitive salary.

If you would like to find out more about this exciting and unusual opportunity, please telephone Alexis Moynan on 01-491 3431 (0525 378780 evenings/weekends) or write to her at FMS, 14 Cork Street, London W1X 1PE.

FMS
Search and Selection Specialists
for
Financial Management

FINANCIAL CONTROLLER

Strengthening control . . . directing growth . . . pioneering change.

c.£30,000 + Car

Central London

With exciting new legislation affecting the healthcare market, our Client is poised on the brink of change. With revenue exceeding £100 million and possessing an impressive profile, it is constantly seeking new ways to develop its unique market position.

A Financial Controller is now required to influence the development of the finance function. With a total staff of 50, this newly established role will be crucial in determining the direction of change. Responsibilities will be wide and include planning and budgeting, performance monitoring, financial and management accounting and involvement in the development of a new computerised accounting system.

The role is likely to appeal to an experienced qualified Accountant (ACCA, ACMA, ACA or CIPFA), with commercial exposure gained in a large organisation at Chief Accountant or Controller level. Drive and ambition are more important than age. Good systems experience and the ability to demonstrate initiative are essential.

Please apply directly to Richard Carter at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone: 01-836 3545, or evenings on 0344 885911. Alternatively, fax your details on 01-836 4942.

ROBERT HALF LONDON

Financial Recruitment Specialists
London · Birmingham · Windsor · Manchester · Bristol · Leeds · Brussels · USA · Canada

Financial Controller

Venture Capital Company

London **c£32,000 + Car**

Our client is highly successful, and has rapidly become established as one of Britain's foremost independent providers of equity investment to growing companies. Established in 1981, it is now linked to a group of similar companies operating in 16 countries worldwide.

A vacancy has arisen for a Financial Controller, to work closely with the Financial Director and other board members, on both accounting and company secretarial matters. Key responsibilities of the position are:

* Preparation of management and financial accounts.
* Cash Management.
* Ad hoc projects including analysis of portfolio company and fund performance.
* Database management.
* Administration of investments.
* Attendance at Fund board meetings.

This is an excellent opportunity for a bright, chartered accountant aged 27-32. Necessary qualities are an analytical mind, good interpersonal and presentation skills, and the ability to deal with concurrent projects.

If this role matches your own areas of interest and career profile to date please contact **Diane Forrester ACA** on 01-831 2000 or write to her at **Michael Page Finance, 39-41 Parker Street, London WC2B 5LH**, enclosing a comprehensive curriculum vitae, and quoting reference 111.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Group Accountant

Merchant Bank

City **to £35,000 + Car**

Our client has, over a period of some 25 years, successfully developed niche activities in a range of merchant banking services, and the provision of long term capital to unquoted UK companies.

Working closely with the Board of Directors, with the prospect of appointment as Company Secretary at an early date, the position carries responsibility for:–

* Preparation of monthly and statutory accounts together with regulatory returns.
* Cash and treasury management.
* Supervision of accounting staff.
* Administration of the Executive Committee.

We seek a special individual aged 28-30, who is quietly ambitious and can show attention to detail whilst not losing sight of the wider perspective.

The rewards and career development make this a particularly attractive role for a qualified accountant making a second move after leaving public practice.

If your aspirations match our client's requirements please contact **Diane Forrester ACA** quoting reference 112, on 01-831 2000, or write to her at **Michael Page Finance, 39-41 Parker Street, London WC2B 5LH.**

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Divisional Financial Controller

c.£65,000 + Car + Executive Benefits

This client is a very large, attractive, high profile, service sector organisation whose international markets combine long term growth with extremely keen competition.

They now wish to appoint a Financial Controller who will provide top level input in the largest operating division to the strategic development and ongoing control of the various sectors. Particular emphasis will be put on working with senior line management to provide better tools for managing the business more profitably; introducing tighter, action-oriented performance reports; and the development and evaluation of alternative ways of delivering high quality service to a diverse international customer base. Clear leadership to the sector financial controllers, and the development of the large finance team that support this role will be key in achieving these objectives.

A sharp intellect and good interpersonal skills are needed, together with previous experience at Financial Controller level in a keenly managed large scale international service industry or consumer marketing business. Location – West London.

Please apply in confidence quoting Ref L429 to:–

Brian H Mason
Mason & Nurse Associates
1 Lancaster Place, Strand,
London WC2E 7EB.
Tel: 01-240 7805

Mason & Nurse
Selection & Search

FINANCE DIRECTOR

Tyne & Wear **c.£30,000 + Car + Bonus + Pension + Health Scheme**

An ambitious, qualified and experienced accountant is needed to join the board of this £16m turnover autonomous subsidiary of a diverse UK quoted group. A market leader, the company designs, manufactures and supplies a range of specialist, high quality products to an impressive customer base throughout the UK.

Highly entrepreneurial, the company has experienced substantial growth to date and is presently structuring to meet the next phase of its development. As part of a young and determined management team, the Finance Director will be responsible for:

Contributing to the strategic direction of the company
Establishing and implementing business plans and financial policy
On-going review of management information and financial control systems including I.T. requirements
Day to day operation of the finance function and production of management and statutory accounting information

You will ideally have experience of operating at a senior management level within an organisation encompassing Manufacture together with Sales and Marketing. Candidates must be able to command respect, enjoy the challenge of a tough commercial environment and feel comfortable participating as an active team member.

You will be called upon to demonstrate clear sighted judgement and effective communication skills combining commercial flair with the ability to relate to a Production environment.

This is an outstanding opportunity to join an energetic and commercially progressive company at an exciting stage in its growth and to play a key role in its future development.

For further information please contact Kevin Gordon, Regional Director, quoting ref.89M/1270FT at Daniels Bates Partnership Ltd., 5th Floor, Sun Alliance House, 16 Albert Road, Middlesbrough, Cleveland TS1 1PR, or telephone him on (0642) 248111.

Daniels Bates Partnership
PROFESSIONAL RECRUITMENT

Leeds (0532) 461671 Grimsby (0472) 251180
Sheffield (0742) 754015 Cardiff (0222) 225512
Manchester (061) 835 3311 York (0904) 612615
Nottingham (0602) 483321
Darlington (0325) 485992
Middlesbrough (0642) 248111
Aylesbury (0296) 393040
Hull (0482) 26382

MS

FINANCIAL CONTROLLER

London SW19 **c. £30,000 + Car**

Our client is Essanelle, Europe's leading operator of in-store hairdressing salons. The group has a presence in many of Europe's departmental stores, including 80 salons in the UK and 130 in Germany and employs some 4,000 people.

Our task is to assist in the recruitment of a financial controller able to play a key role in the development of the centralised financial and management services provided to the salons.

The financial controller, reporting to the group financial director, will be responsible for the development of the group's computer systems in the UK and Germany and for the UK accounting function. As a member of a small dynamic management team, the successful candidate will be expected to make a significant contribution to the future of the business.

The ideal candidate will be a qualified accountant, probably aged mid 20's to early 30's, with at least three years experience in a commercial environment and a sound practical knowledge of the use of computers in business. Career prospects are exceptional for a self starter with a strong commercial instinct. It is expected that the successful candidate will be capable of progressing into the senior levels of general management.

Please write in confidence, quoting reference 15627, with full career details and remuneration history to:

Martyn Clarke, Executive Selection Manager,
Moore Stephens Associates Limited, 1 Snow Hill, London EC1A 2DH.

MOORE STEPHENS ASSOCIATES
MANAGEMENT CONSULTANTS

Appointments Advertising

For further information

call 01-873 3000

Deirdre McCarthy
ext 4177

Nicholas Baker
ext 3351

Elizabeth Arthur
ext 3694

INTERNATIONAL TAX MANAGER

London
c £50,000 + Benefits

Our client is a major international firm of Chartered Accountants whose current growth in multinational business now gives an opportunity for a high calibre manager to build his/her own niche department.

As well as giving international tax planning advice to a wide range of multinational clients, there will be the opportunity to become involved at an early stage and play an important role in the tax structuring of international business deals and projects.

Candidates aged 30-50 are likely to be graduate Chartered Accountants and/or members of the Institute of Taxation and may be currently with another chartered practice, a legal practice, an international company or the Inland Revenue. They should be able to demonstrate a high level of technical ability, originality of mind and well developed interpersonal skills. Future prospects are unlimited for the achiever.

For further information please contact **D. E. Shribman** or write to him at the address below.

HUDSON SHRIBMAN
VERNON HSE · SICILIAN AVE · LONDON WC1A 2QH · TEL: 01-831 2323
FINANCIAL RECRUITMENT

ARE YOU AN EXCITING ACCOUNTANT? £20-30,000

An extremely well-established firm of Chartered Accountants in the heart of the West End are looking for an erudite, young business innovator. There is a well established team of 40 who have great expansion plans in mind. This position will offer a Partnership to the applicant willing to go all out for building business. If relating to the public, and presenting proposals are amongst your fortés please call Sharon or Jumoke on 01-734 0911.

Drake Personnel Recruitment Consultants

Financial Directors

To secure the best appointments at senior level needs more than good advice, accurate career objectives and succinct presentation.

InterExec SMI not only provides career advice to successful executives but also retains the unique facility of our subsidiary company InterMex to bridge the critical gap between counselling and the right job.

InterMex maintains a unique data base of some 6,000 unadvertised vacancies per annum, providing the only confidential Inplacement® Service.

If you are considering a move or need a new challenge then telephone (01-930 5041) for an exploratory meeting without obligation.

InterExec SMI Plc
Landseer House, 19 Charing Cross Road,
LONDON WC2H 0ES.

The service offered by InterMex is free and can be used independently of the Counselling Service.

Senior Financial Managers

SOUTH BANK POLYTECHNIC

Department of Business and Finance
(Finance and Infromation Studies)

SENIOR LECTURER IN FINANCE

0.5 Fractional Appointment
£17,514 - £20,853 pro rata
(Pay award pending)

Applications are invited for the above post in the Department of Business and Finance (Division of Finance).

Candidates should have either a relevant degree and/or professional qualification. Possession of a higher degree would be an advantage.

An ability to teach at least one of the following subjects would be an advantage: Investment Analysis; Measurement of Business Income Accounting.

Application forms and further details are available from the Personnel Department, South Bank Polytechnic, Borough Road, London SE1 0AA. Tel: 01-928 3512 (ansering service 9am to 6pm)

Please quote Ref: AEHS2/A
Closing date: 29 November 1989
An Equal Opportunities Employer.

SOUTH BANK POLYTECHNIC

Audit Manager

London *c £35,000 + benefits*

With a turnover of £250m and employing over 4,000 people throughout the UK, J H Dewhurst Limited is Britain's largest personal service meat products retailer. The company is currently enhancing its operational structure to strengthen its position as market leader.

Working closely with the Finance Director and other senior executives, you will take a highly proactive role in developing the audit function. Key responsibilities will include designing a national audit plan, reviewing substantial systems developments and controlling a professional, committed team.

You will be a Qualified Accountant, aged 35 or over, with substantial business orientated audit experience. A sound knowledge of systems and a commercial and practical approach are essential. You must have a confident personality and the ability to make a positive impact in this demanding role.

Excellent career prospects will give you the opportunity to move into a challenging operational role.

Please send full personal and career details in confidence to Mark Spickett, Executive Selection Group.
Deloitte Haskins & Sells, PO Box 198, 26 Old Bailey, London EC4M 7PL, quoting reference 5313/FT on both envelope and letter.

Deloitte Haskins+Sells
EXECUTIVE SELECTION

Opportunities in Bermuda

The Bank of Bermuda has experienced exceptional growth over recent years creating new and challenging opportunities in our Personal Trust Department. Applications are now invited for the following positions:

Assistant Manager
This individual will assume responsibility for the daily activities of a group of trust administrators and assist in the development of new business. Interested candidates should possess a university degree or professional qualification in the trust area, extensive technical knowledge of trusts, and excellent managerial and business development skills.

Senior Trust Administrator
This is an excellent opportunity for a career-orientated individual to further develop expertise as a specialist in offshire trust and companies. Applicants should have at least 3 to 5 years experience in trust administration and be making steady progress in the examinations of the Chartered Institute of Bankers (Trustee Diploma) or a similar qualification.

Corporate Secretary
The Corporate Secretary will be responsible for all aspects of company administration including maintenance and preparation of statutory records, minutes, production of standardized reports and special research projects as required.

To qualify, you should have a Chartered Secretary designation or equivalent experience in company secretary administration.

The Bank of Bermuda is Bermuda's largest bank with assets of $5 billion. Its Head Office is linked by an advanced communications network with overseas offices in New York, London, Hong Kong, Luxembourg, Cayman and the Channel Islands. The Bank employs over 1600 staff worldwide of whom 1200 are in Bermuda.

A competitive tax free salary and comprehensive benefits package is provided. Applicants are invited to send a detailed resume.

Interviews will be conducted in mid December.

FINANCIAL CONTROLLER

c £27,000 + F.E. Car + Bens

Berkshire

Our Client is the UK based subsidiary of a North American interactive entertainments Group. The UK subsidiary controls all European business and is currently undergoing rapid growth.

Reporting to the Director of Finance and Operations, you will be a key member of the management team, expected to assume responsibility for managing the finance function and providing financial advice on the commercial aspects of its operations.

This role will provide a continuous challenge for an assertive Accountant with the experience and maturity to make a significant contribution to the continued development and expansion of European international activities.

Candidates will have experience of Systems Development and the implementation of strong financial controls, preferably in a sales or distribution environment, ideally within a US corporation.

Please apply directly to Frances McCutcheon at Robert Half, Freepost, Princess Beatrice House, Victoria Street, Windsor, Berks SL4 1YY. Telephone 0753 857777, or evenings on 0344 886662. Alternatively, fax your details on 0753 841676.

Financial Recruitment Specialists
London · Birmingham · Windsor · Manchester · Bristol · Leeds
Brussels · USA · Canada

ROBERT HALF
WINDSOR

HAMBRO GUARDIAN

Financial Manager

LIFE ASSURANCE DIRECT SALES

To £35K + substantial bonus + car + benefits + relocation (if appropriate).

Reporting to the Sales Director, main responsibilities will include:-

- Development and control of direct sales force accounting systems.
- Establishment of performance and financial reporting systems at all levels in the direct sales force operation.
- Participation in the management of new branch start-ups and in the development and maintenance of branch administration procedures.

Hambro Guardian, a dynamic new UK Life company, commenced trading in October 1988. A member of the Hambro Countrywide group and backed by Hambros plc, it is poised to break new ground in the financial services market place and expand its distribution with *the launch of a Direct Sales Force early in 1990.*

This important head office position needs to be filled in order to develop the support systems vital to the success of this new venture.

Applicants should have a recognised accounting qualification backed up by considerable commercial experience, preferably gained *in a frontline role within a financial services organisation.*

This position will be based in Brentwood, Essex and offers a real opportunity for the right candidate to contribute to the development of an innovative new UK financial services organisation.

If you are interested in exploring this significant opportunity, please write enclosing your CV, to:-

Ken Romney FCA Financial Controller
Hambro Guardian Assurance 41 Tower Hill London EC3N 4HA

Appointments Advertising

For further information

call 01-873 3000

Deirdre McCarthy ext 4177

Nicholas Baker ext 3351

Elizabeth Arthur ext 3694

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

UK Divisional Tax Manager

West London **£35,000 + Car + Exec. Bens.**

Our client is a multi billion dollar corporation which has an enviable reputation in the field of computer services, big ticket facilities management and telecommunications. Due to the continued expansion of its worldwide business they now seek to recruit a Divisional Tax Manager for its UK *operations.*

The role encompasses responsibility for all UK group planning and compliance matters as well as specific US/European issues and reports directly to the Manager of International Taxes in Europe.

It is envisaged that suitable candidates will be qualified accountants who have had extensive exposure to taxation within a large group of companies gained either within the industrial/commercial sector or public practice. Aged between 25 and 35 they should possess strong interpersonal skills, and the ability to act with initiative and enthusiasm.

The role offers a considerable challenge for a tax professional to develop in a dynamic business environment. As the company continues to expand throughout Europe, the individual will, of necessity, be called upon to advise on increasingly complex tax issues.

Details of *salary* and company benefits will be a matter of individual discussion at the final interview stage.

For further information regarding this outstanding opportunity, contact Graham King on 01-831 2000 (evenings/weekends on 01-556 6920) or write to him at Michael Page Taxation, 39-41 Parker Street, London WC2B 5LH.

MP

Michael Page Taxation
International Recruitment Consultants

Audit/Technical Manager
Partner Designate

Cheshire **To £30,000 + Car**

Our client is a vigorous young Accountancy practice, *developing* rapidly through acquisition and organic growth. Operating through a branch network it offers a comprehensive range of financial services to a varied and expanding client base.

To facilitate future development a challenging new post has been created and will appeal to a commercially oriented manager who enjoys managing change. You will be responsible for creating a Central Audit Unit embracing the planning and management of the practice's larger audits, together with the appraisal and restructure of audit and internal compliance programmes. *In addition you will control the training and development of all accounting staff.*

Our ideal candidate will be a chartered accountant with at least four years post qualification experience in the above areas gained within one of the major practices. First class communication skills, the ability to influence change and make things happen are essential.

Conditions of employment are attractive and salary will not be a barrier to the right candidate.

Please telephone for an application form (calls are answered 24 hours a day) or send comprehensive curriculum vitae quoting reference number DP/961 to:

JDP

Bryan Greenwood
THE JOHN DALTON PARTNERSHIP LIMITED
4 Post Office Avenue
SOUTHPORT PR9 0US
Tel: Southport (0704) 38776
Fax: Southport (0704) 48912

(Applications are open to both male and female candidates)

THE JOHN DALTON PARTNERSHIP LIMITED
Management Selection & Recruitment Consultants

MS

FINANCE DIRECTOR

North London
c. £45,000, Car and Benefits

Our client is a significant and profitable UK bakery group supplying a range of high quality bread and patisserie products to the retail and catering sectors.

Our task is to assist in the recruitment of a finance director to play a key role in the further development of the group's activities.

The successful candidate will report directly to the chairman and be supported by financial controllers in each operating unit. As a member of the top management team, the finance director will be expected to make a major contribution in corporate planning in addition to ensuring that sound management information and financial control is exercised throughout the group.

The ideal candidate will be a computer-literate qualified accountant, aged mid 30's to mid 40's, with relevant experience in manufacturing and distribution. Strong inter-personal skills and an enthusiastic approach are essential.

The attractive remuneration package offered includes an appropriate executive car, BUPA, and non-contributory pension.

Please write in confidence, quoting reference 16880, with full career details and remuneration history to:

Norman Farrant, Director, Executive Selection Division, Moore Stephens Associates Limited, 1 Snow Hill, London EC1A 2DH.

MOORE STEPHENS ASSOCIATES
MANAGEMENT CONSULTANTS

COMPANY NOTICES

GENCOR LIMITED

(Incorporated in the Republic of South Africa)
Company Registration No. 01/01232/06
(formerly General Mining Union Corporation Limited)

PAYMENT OF COUPON NO. 134
(Dividend No. 127)

HOLDERS OF SHARE WARRANTS TO BEARER will receive payment on or after 30 November 1989 at the rate of 52.61396p the amount declared per share, less 7.89209p being South *African non-resident shareholders' tax of 15% against surrender of Coupon No. 134.*

Coupons must be deposited for FOUR CLEAR DAYS for inspection before payment will be made:-

In London	:	*At the London Secretaries office of the Company* 30 Ely Place, London, EC1N 6UA
In Paris	:	At Credit du Nord
In Switzerland	:	At Credit Suisse, Zurich Union Bank of Switzerland, Zurich Swiss Bank Corporation, Basle or *at any of their branches*

Coupons belonging to holders resident in Great Britain and Northern Ireland will be paid as follows:-

		Pence
Amount	of dividend after deduction of South African non-resident shareholders' tax of 15%	44.72187
Less:	United Kingdom Income Tax of 10% on the Gross Amount of the dividend of 52.61396p	5,26140
		39,46047

Listing forms can be obtained on application to the London Secretaries.

per pro. GENCOR (U.K.) LIMITED
London Secretaries
L J Baines

30 Ely Place
London EC1N 6UA

16 November 1989

NOTE:
Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders tax applicable to the *dividend* is allowable as a credit against the United Kingdom tax payable in respect of the *dividend.* The deduction of tax at the reduced rate of 10 per cent instead of at the basic rate of 25 per cent represents an allowance of credit at the rate of 15 per cent. The gross amount of the dividend received to be entered by the individual shareholder on any return for income tax purposes is 52.61396p *multiplied by the number of shares held.*

Exchange of Talon No.7
A separate notice will be advertised on 1 December 1989.

WARDLEY GLOBAL SELECTION

Societe d'Investissement
a Capital Variable
7, rue du Marche-aux-Herbes
L-1728 Luxembourg

Notice is *hereby given to Shareholders,* that a

GENERAL MEETING

of Shareholders in WARDLEY GLOBAL SELECTION will be held at the Company's registered office at 7, rue du Marche-aux-Herbes, L-1728 Luxembourg, on Friday 24th November, 1989 at 11.00 a.m. for the purpose of considering the *ordinary business of the* Company and voting upon the following agenda:

1. Submission of the reports of the Board of Directors and of the independent Auditors;
2. Approval of the Financial Statements for the four month period ended 31st July 1989; *and appropriation of the* profits;
3. Discharge of the Directors and the Auditors;
4. Nomination and reappointment of the *Directors and Auditors.*
5. Miscellaneous.

The Shareholders are advised that no quorum is required for the items on the agenda of the General Meeting and that decisions will be taken on a simple majority of the shares present or represented at the meeting.

In order to attend the meeting of 24th November 1989, the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the Company or with the following Banks:

- Banque Internationale a Luxembourg
  2, boulevard Royal
  L-2931 LUXEMBOURG
- The Hong Kong and Shanghai Banking Corporation
  1, Queens Road Central
  HONG KONG
- The British Bank of the Middle East, London
  Geneva Branch
  Rue du Rhone, 23
  CH-1024 GENEVA
- *The Hong Kong and Shanghai* Banking Corporation (C.I.) Ltd.
  P.O. Box 315
  HongKongBank Building
  Grenville Street
  St. Helier, Jersey
  CHANNEL ISLANDS

By Order of the Board of Directors

3rd *November* 1989

GENEVA SWITZERLAND

Full Service is our Business

- International law and taxes
- *Mailbox, telephone,* telex and telecopier services
- Translation and secretarial services
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Full confidence and discretion assured.

BUSINESS ADVISORY SERVICES S.A.
7 Rue Muzy, 1207 Geneva
Tel:736 05 40 Tx: 23342
Fax:786 06 44

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION COMPANIES COURT
No. 005567 of 1989
IN THE MATTER OF BOSTROM PLC
AND
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY *GIVEN that the Order of* the High Court of Justice, Chancery Division dated 30th October 1989 confirming the cancellation of the amount of £1,032,000.00 standing to the credit of the share premium *account of the* company was registered by the Registrar of Companies on 9th November 1989.

DATED THIS 14th DAY OF NOVEMBER 1989
Messrs. Wragge & Co.,
Solicitors,
Bank House,
8, Cherry Street,
Birmingham.
B2 5JY
Solicitors for the above-named company.

Ref:10137/19/JQP/PKS

ART GALLERIES

LEGER, 13 Old Bond St., W1. *JULIAN BARROW,* Recent Paintings, Mon-Fri, 9.30 - 5.30

MARTYN GREGORY: Early English Watercolours. *Nov,* 1-24, 10-6, Sats 10-1. 34 Bury Street, St. James's, London SW1. 01-839 3731

HEAD OF FINANCE

Essex **To £32,000 + Car + Relocation**

This newly created appointment is the senior accountancy role within an autonomous subsidiary of a blue chip group. The company is engaged in the manufacture, marketing and distribution of consumer goods and has a turnover in excess of £150m.

As a member of the general management team the successful candidate's primary reponsibility will be the provision of strict financial control in a wide ranging and fast moving business. Particular emphasis is to be placed on timely monthly reports, systems development matters and meaningful management information.

Applications are invited from proactive, ambitious qualified accountants aged 32-45 who can demonstrate strong technical flair, experience of computer development and implementation, proven staff management ability and a record of achievement in substantial commercial organisations.

This first class vacancy is both demanding and challenging and offers considerable scope for continued career development in a dynamic organisation which is enjoying profitable organic growth.

For further information please contact **Malcolm J. Hudson.**

HUDSON SHRIBMAN
VERNON HSE-SICILIAN AVE-LONDON WC1A 2QH-TEL: 01-831 2323
FINANCIAL RECRUITMENT

A challenging management opportunity with a leading US corporation.

FINANCIAL CONTROLLER

SURREY **TO £35,000 + CAR + BONUS**

This multinational corporation has worldwide sales in excess of $2 billion and manufactures a range of speciality products. The role of market driven technology has been central in the organisation's development throughout the 1980's. A challenging opportunity *has arisen within one of its UK manufacturing divisions.*

Reporting directly to the USA, the position entails the management of all financial functions at a substantial site in Chessington. Major aspects of the role *include responsibility for 30 staff; the implementation of new computerised systems;* the provision of management information and budgetary control/standard costing; credit management; and advising on business performance and accounting policy. There will be scope for advancement either in the UK or overseas.

Success in the role demands broad management experience probably gained in a manufacturing environment. As a key member of a small management team strong leadership skills and the ability to communicate effectively are essential. Previous experience of US reporting would be advantageous. Candidates should be qualified accountants aged 30-45 with the above mentioned attributes.

For further details please telephone James Whelan on 01-549 3444 or 01-547 3671 (24 hours). Alternatively write to him enclosing a brief CV.

JAMES WHELAN SELECTION
FINANCIAL RECRUITMENT CONSULTANCY

SURREY HOUSE · 34 EDEN STREET · KINGSTON UPON THAMES · SURREY · KT1 1ER

Country Holidays

Company Accountant

To £22,000, Car

North East Lancs/ Yorks Border

Country Holidays leads its sector of the market from its base in Earby. – providing superb standards of service to holidaymakers and property-owners alike by its highly trained, well organised staff and its sophisticated, computerised operating systems.

Reporting to the Joint Managing Director (Finance, Marketing and Admin), the role is to improve the company's financial systems and reporting arrangements by extending the coverage of DP systems throughout the company.

A qualified accountant, aged 24 to 35, with a commercial outlook and a good grip on the use of microcomputers in financial management – you will be determined to grow into the top financial management position in this fast-developing company. Accordingly, initial remuneration is generous and negotiable, and growth prospects are unlimited.

Candidates should send a comprehensive c.v. or telephone for an application form to Howgate Sable & Partners, Arkwright House, Parsonage Gardens, Manchester, M3 2LE. Tel: 061-839 0089 quoting reference (F.T.329E).

Howgate Sable

EXECUTIVE SEARCH AND SELECTION

FINANCIAL CONTROLLER (DIRECTOR DESIGNATE)

Wembley **£26K + bonus + car**

Our client, a division, (t/o £3M), of an acquisitive UK plc, manufactures and distributes both in the UK, but predominantly overseas, a unique range of printed products of innovative design. New product development continues apace. Owing to an internal promotion they seek an ambitious Financial Controller.

The appointee will be a qualified accountant, preferably CMA, aged 27-32 with sound financial, management and cost accounting experience gained within a manufacturing environment. *Experience of systems development, business* planning and people management is highly desirable. Personal characteristics sought include drive, enthusiasm and commitment.

The rewards include a salary negotiable to £26K, a generous bonus scheme, company car and other fringe benefits. A directorship will be confirmed after a mutually agreed period of *satisfactory performance.*

For further details and an application form telephone Guildford (0483) 300838 (24 hrs) or write in confidence with CV to Peter Page, Senior Consultant, 3i Consultants Limited, 3 The Billings, Walnut Tree Close, Guildford, Surrey GU1 4UL, quoting ref: PP/882.

3i Consultants Ltd

A WEALTH OF EXPERIENCE

On

Saturday, 18th November

The Residential Property pages of the Weekend FT will focus on:-

- London, County and International Developments
- Retirement Homes

For further details, please contact

Genevieve Marenghi

on 01-873 4927
or 01-873 3000